Alberta Gaming

2002-2003 ANNUAL REPORT

Benefiting Albertans

Alberta Advantage

ALBERTA LOTTERY FUND

Alberta

Year at a Glance 2002-2003

	2002-2003	
Liquor Revenue ($ millions)	**535**	**492**
Liquor Licences by Class		
Class A	5,131	5,137
Class B	506	506
Class C	763	769
Class D	1,619	1,580
Class E	16	16
	8,035	**8,008**
Liquor Retail Outlets		
Private retail liquor stores	910	863
General merchandise	86	81
	996	**944**
Liquor Products Available	**11,138**	**10,300**
Liquor Sales by Volume (hectolitres)		
Spirits	189,985	199,560
Wine	204,090	198,381
Coolers/Cider	140,490	139,088
Beer	2,229,580	2,234,661
	2,764,145	**2,771,690**

	2002-2003	
Provincial Lotteries Revenue ($ millions)		
VLTs	594	617
Slot machines	405	322
Ticket lottery	175	166
	1,174	**1,105**

	2002-2003			
Charitable Gaming Licences Issued and Net Proceeds	**Number**	**Net Proceeds ($ millions)**	**Number**	**Net Proceeds ($ millions)**
Bingo	1,577	46	1,418	50
Casino	2,923	122	2,673	114
Pull-ticket	371	8	258	10
Raffle	317	30	331	26
	5,188	**206**	**4,680**	**200**
Gaming Venues				
Bingo association halls	56		57	
Charitable casino facilities	16		16	
Ticket lottery centres	2,111		2,060	
Locations with VLTs	1,179		1,272	
Racing Entertainment Centres	2		2	

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ALBERTA LOTTERY FUND

Public Accounts 2002-2003
Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June 24, 2003 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Gaming contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- the financial statements of entities making up the Ministry including the Department of Gaming, the Alberta Gaming and Liquor Commission, and the Alberta Lottery Fund, for which the Minister is responsible, and
- other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.

Minister's Accountability Statement

The Ministry's Annual Report for the year ended March 31, 2003, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 5, 2003 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Ron Stevens, QC
Minister of Gaming

ALBERTA LOTTERY FUND

Message from the Minister

The 2002-2003 fiscal year was extremely productive and successful for the Ministry of Gaming. The key themes behind the Ministry's activities during 2002-2003 were integrity, social responsibility and benefit to Albertans.

Of note is the tremendous work being done implementing the directions of the government which ensued from the Gaming Licensing Policy Review. This work addresses issues related to the growth of gaming, and ensures the government effectively manages and controls gaming activities in a socially responsible manner. The Ministry consulted extensively with stakeholders in developing specific standards from the directions provided.

The Ministry continued to work with stakeholders to implement social responsibility initiatives in the areas of gaming and liquor service and sales. Social responsibility is a shared responsibility among the government, stakeholders in the gaming and liquor industries, and those who choose to consume liquor or to engage in gaming entertainment. The Ministry will also continue to consult with stakeholders on how to enhance social responsibility programs and activities in the province.

The government is committed to being transparent and accountable in the collection and distribution of Alberta Lottery Fund revenues. These revenues – from ticket lotteries, slot machines and video lottery terminals – benefit communities throughout the province. This Ministry is also committed to the unique charitable gaming model of the province which encompasses casinos, bingos, raffles and pull-tickets conducted by licensed charitable organizations.

The performance measures of the Ministry show that Albertans are satisfied with the way gaming and liquor activities are delivered in the province. Our vision, mission, core businesses, and guiding principles will continue to direct our activities to ensure we provide effective and efficient services, and act in the public interest.

Ron Stevens, QC
Minister of Gaming

Management's Responsibility for Reporting

The Ministry of Gaming includes the Department of Gaming, the Alberta Gaming and Liquor Commission, the Alberta Lottery Fund and the Alberta Gaming Research Council. The Minister is also responsible for the *Horse Racing Alberta Act* and the Racing Appeal Tribunal.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives and respective boards ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Gaming. Under the direction of the Minister I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

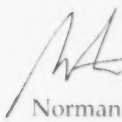
As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under Ministry administration,

Management's Responsibility for Reporting (continued)

- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Gaming any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.



Norman C. Peterson
Deputy Minister
Ministry of Gaming

September 5, 2003

Overview

Variety Children's Park *What did I like best? The fact that I could do what I wanted to in the water. My playground at Renfrew School is fairly wheelchair accessible, but I don't think other playgrounds are.*

Ben Thorne Grade 4 Student with Cerebral Palsy

Variety Children's Park received grants from the Community Facility Enhancement Program, which receives funding from the Alberta Lottery Fund.

ALBERTA LOTTERY FUND

Organization Chart

March 31, 2003

Minister of Gaming
Honourable Ron Stevens, QC

Department of Gaming

Deputy Minister
Norman C. Peterson

Communications
Director
Marilyn Carlyle-Helms

Assistant Deputy Minister
Ann Hammond

Alberta Gaming and Liquor Commission

Chairman
Norman C. Peterson

Chief Executive Officer
Norman C. Peterson

Alberta Gaming Research Council
Sheila Murphy, Chair

Horse Racing Alberta Act

Racing Appeal Tribunal
Don Hamilton, Chair

Lottery Funded Programs
Director
Carl Royan

Strategic Services
Director
Lana Lougheed

Regulatory
Executive Director
John LaFlamme

Gaming Products and Services
Executive Director
Muriel Grimble

Information Systems
Executive Director
Brenda Breen

Finance and Administration
Executive Director
Ron Crosby

Human Resources
Director
Karen Egan

Ministry of Gaming

The Ministry of Gaming is responsible for the Department of Gaming, the Alberta Gaming and Liquor Commission, the Alberta Lottery Fund and the Alberta Gaming Research Council. The Ministry is also responsible for the Horse Racing Alberta Act and the Racing Appeal Tribunal.

DEPARTMENT OF GAMING

The responsibilities of the Department of Gaming include lottery-funded programs, communications and overall strategic services for gaming and liquor activities in the province.

Contact: Norman C. Peterson, Deputy Minister
Phone: (780) 447-8601
Fax: (780) 447-8950
E-mail: norm.peterson@aglc.gov.ab.ca

Contact: Ann Hammond, Assistant Deputy Minister
Phone: (780) 447-8647
Fax: (780) 447-8950
E-mail: ann.hammond@aglc.gov.ab.ca

LOTTERY FUNDED PROGRAMS

The Lottery Funded Programs Division is responsible for lottery-funded programs administered by Alberta Gaming. Two key programs are: the Community Facility Enhancement Program, which provides financial assistance to build, purchase, repair, renovate or upgrade public-use facilities in Alberta communities; and the Community Initiatives Program, which supports project-based initiatives in areas such as community services, seniors' services, libraries, arts and culture, and sports and recreation.

Other administered programs include agricultural and economic initiatives, as well as support for major Alberta exhibitions such as the Calgary Exhibition and Stampede, Edmonton Northlands and regional exhibitions in Camrose, Grande Prairie, Lethbridge, Lloydminster, Medicine Hat, Olds and Red Deer.

Contact: Carl Royan, Director
Phone: (780) 447-8810
Fax: (780) 447-8903
E-mail: carl.royan@aglc.gov.ab.ca

COMMUNICATIONS

The Communications Division supports the Ministry in media relations and issues management, and plans and coordinates external and internal communications.

Contact: Marilyn Carlyle-Helms, Director
Phone: (780) 447-8719
Fax: (780) 447-8931
E-mail: marilyn.carlyle-helms@aglc.gov.ab.ca

STRATEGIC SERVICES

Strategic Services is responsible for policy, business planning, performance measures and financial planning and coordination for the Department of Gaming. The Division also provides administrative support to the Alberta Gaming Research Council and provides Freedom of Information and Protection of Privacy services for the Ministry.

Contact: Lana Lougheed, Director
Phone: (780) 447-8975
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E-mail: lana.lougheed@aglc.gov.ab.ca

ALBERTA GAMING AND LIQUOR COMMISSION

The Alberta Gaming and Liquor Commission (AGLC) is a commercial enterprise and an agent of the Government of Alberta. The AGLC consists of a Board and a Corporation. The Corporation is the operational arm of the organization, while the Board is responsible for regulatory matters and establishing policies within the government's policy framework. The AGLC operates under the *Gaming and Liquor Act*. The mission of the AGLC is to ensure gaming and liquor activities are conducted with integrity and social responsibility, and to maximize long-term economic benefits for Albertans. The AGLC administers the Alberta Lottery Fund under the provisions of the *Gaming and Liquor Act*.

Contact: Norman C. Peterson, Chairman and Chief Executive Officer
Phone: (780) 447-8601
Fax: (780) 447-8950
E-mail: norm.peterson@aglc.gov.ab.ca

ALBERTA GAMING RESEARCH COUNCIL

The Alberta Gaming Research Council is a broad-based advisory group to the Minister of Gaming. The Council is made up of six public representatives and one representative from each of the following organizations: the Alberta Alcohol and Drug Abuse Commission, Alberta Health and Wellness, and Alberta Gaming.

The Council was established to help direct the research activities of the Alberta Gaming Research Institute. The Institute is an independent consortium of the Universities of Alberta, Calgary and Lethbridge that conducts research into the various aspects of gaming, including the social and economic aspects of gaming, emerging gaming trends, and problem gambling prevention and treatment.

Contact: Sheila Murphy, Chair
Phone: (780) 447-8709
Fax: (780) 220-1528
E-mail: stmurphy@telus.net

ALBERTA LOTTERY FUND

The Alberta Lottery Fund, established in 1989, comprises the government's portion of proceeds from provincial lotteries: ticket lotteries and electronic gaming devices such as slot machines and video lottery terminals, net of the AGLC's gaming operations costs. The Legislature votes on expenditures from the Fund to support programs, projects and foundations administered by various ministries. The Ministry of Gaming oversees the Alberta Lottery Fund budget and administers two key lottery-funded programs, the Community Facility Enhancement Program and the Community Initiatives Program.

HORSE RACING ALBERTA ACT

The Ministry of Gaming is responsible for the *Horse Racing Alberta Act*. The legislation places responsibility for management and regulation of the horse racing industry in Alberta on Horse Racing Alberta, a private not-for-profit organization.

RACING APPEAL TRIBUNAL

The *Horse Racing Alberta Act* establishes the Racing Appeal Tribunal. The Minister of Gaming appoints members to the Racing Appeal Tribunal. The Tribunal, which operates independently from Horse Racing Alberta, hears appeals under the Act. Members of the Tribunal at March 31, 2003, were Don Hamilton (Chair) and William (Bill) Elzinga. There was one vacant position on the Tribunal as of March 31, 2003. More information on Horse Racing Alberta and the Racing Appeal Tribunal can be found in the Horse Racing Alberta annual report. Further information on Horse Racing Alberta may also be found on its Web site at www.thehorses.com.

Operational Overview

VISION

A province that strives to balance choice and responsibility in its gaming and liquor industries, uses revenues derived from these activities for the benefit of Albertans, and provides opportunity for competition and enhanced service in its liquor and gaming industries.

MISSION

To ensure integrity and accountability in Alberta's gaming and liquor industries, and to achieve the maximum benefit for Albertans from gaming and liquor activities.

GUIDING PRINCIPLES

The Ministry of Gaming has adopted the following guiding principles for gaming and liquor in Alberta. These guiding principles are subject to ongoing review, to ensure they continue to reflect Albertans' values.

1. The integrity of gaming and liquor activities will be ensured.
2. Gaming and liquor policies will reflect a commitment to social responsibility.
3. Gaming and liquor policies will be supported by sound research and consultation with the public and stakeholders.
4. The collection and use of gaming and liquor revenue will be open and accountable.
5. Gaming activities will meet standards of quality to protect the integrity of gaming activities, provide gaming entertainment value to consumers and help to keep gaming dollars in Alberta.
6. Alberta's liquor industry will continue to be among the most progressive and competitive in the country and continue to lead the nation in terms of supply, distribution, pricing and customer service.
7. The financial return to eligible groups from charitable gaming and from provincial lotteries is to be maximized for the benefit of Albertans.

Core Businesses

1. Develop provincial gaming and liquor legislation and policy and regulate the gaming and liquor industries in accordance with legislation and policy.

The Ministry is committed to developing gaming and liquor legislation and policy that strike a balance between choice and responsibility in gaming and liquor activities in Alberta. The Ministry ensures the regulation of the gaming and liquor industries through the provisions of the *Gaming and Liquor Act* and Regulation.

2. Manage the Alberta Lottery Fund and administer designated lottery-funded programs to support Alberta communities.

All provincial government gaming revenue from ticket lotteries, VLTs and slot machines, net of gaming expenses, is directed into the Alberta Lottery Fund and identified for use in charitable, non-profit, public and community-based initiatives. Alberta Lottery Fund expenditures support programs, projects and foundations administered by various ministries.

The Department of Gaming coordinates the development of the Alberta Lottery Fund budget and administers two designated lottery-funded programs. The Alberta Gaming and Liquor Commission (AGLC) is responsible for the administration of the Alberta Lottery Fund, including collection of revenues and disbursement of revenues according to an *Appropriation Act*.

3. Support leading-edge research on gaming and liquor issues in Alberta.

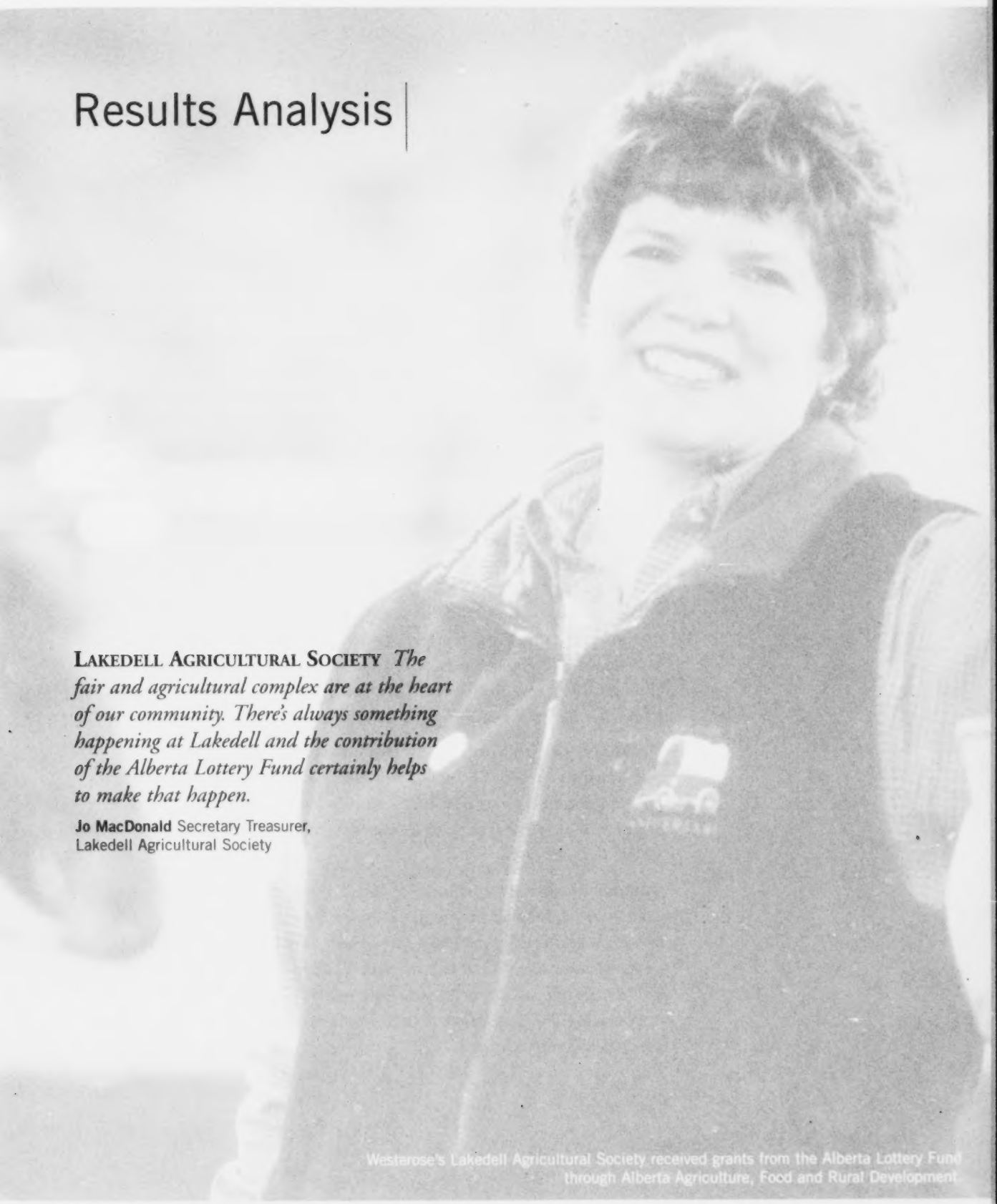
The province is committed to being a key partner in supporting gaming and liquor related research. The Ministry established the Alberta Gaming Research Council to help direct the activities of the Alberta Gaming Research Institute, a consortium of the Universities of Alberta, Calgary and Lethbridge. The government's support to the Institute is funded from the Alberta Lottery Fund. The Institute was established to conduct research into the social and economic aspects of gaming, emerging gaming trends and problem gambling prevention and treatment.

These core businesses, with our mission and vision, are reflected in our results analysis of key activities for 2002-2003.

Results Analysis

LAKEDELL AGRICULTURAL SOCIETY *The fair and agricultural complex are at the heart of our community. There's always something happening at Lakedell and the contribution of the Alberta Lottery Fund certainly helps to make that happen.*

Jo MacDonald Secretary Treasurer,
Lakedell Agricultural Society



Westarose's Lakedell Agricultural Society received grants from the Alberta Lottery Fund through Alberta Agriculture, Food and Rural Development.

ALBERTA LOTTERY FUND

Message from the Deputy Minister

The Ministry's work in administering and regulating gaming and liquor activities in the province in 2002-2003 was highlighted by legislative amendments, effective policy development and implementation, close collaboration with our stakeholders, and effective regulation.

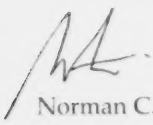
The *Gaming and Liquor Amendment Act* was proclaimed in June 2002 to allow the Ministry to continue to be effective in maintaining the integrity of gaming and liquor activities. The *Horse Racing Alberta Act*, for which the Ministry is responsible, was proclaimed in June 2002 to allow the racing industry to manage and develop the business of horse breeding and racing in the Province of Alberta.

Thirty-four of the 61 government-approved policy directions from the Gaming Licensing Policy Review were implemented by the Alberta Gaming and Liquor Commission (AGLC). The aim of the review is to ensure any growth in gaming is carefully managed, regulated and controlled. Among these, the AGLC initiated a series of in-depth consultations with the bingo industry in 2002-2003 on revised draft terms and conditions for the delivery of bingo. The aim is to give the bingo industry options to better compete with other forms of gaming in the province.

The Ministry began to implement recommendations from the comprehensive review of the liquor mark-up structure and related policies. The liquor industry was consulted and provided valuable input in the first comprehensive review of its kind since the privatization of liquor retailing almost ten years ago.

During the year, the Department of Gaming implemented the new Community Initiatives Program, a lottery-funded grant program which assists project-based initiatives in areas such as community services, seniors' services, libraries, arts and culture, sports and recreation. In addition, the Ministry developed a new Alberta Lottery Fund awareness strategy in response to Albertans' desire to know more about how lottery fund dollars are used in the province.

The Ministry's dedicated and capable staff carried out its exciting new gaming and liquor policy directions while fulfilling its mandate. They are to be commended for their continued professionalism, high standards and dedication to providing superior service which are shown once again in the Ministry's performance measure results. I am proud of the accomplishments of our staff and extend my personal congratulations to each one, and in particular to the Technical Services Branch of the AGLC, who received a Silver Premier's Award of Excellence in June 2003.



Norman C. Peterson
Deputy Minister

ALBERTA LOTTERY FUND

Consolidated Expense by Core Business

Year Ended March 31, 2003 (thousands of dollars)

	2003		2002
Core Business	**Budget**	**Actual**	Actual
1. Develop legislation, regulations and policy for the gaming and liquor industries	$ **1,149**	$ **1,095**	$ 1,207
2. Manage the Alberta Lottery Fund and administer designated lottery programs	**1,113,292**	**1,096,640**	1,035,054
3. Support gaming and liquor research	**1,742**	**1,691**	1,713
Total consolidated expense	$ **1,116,183**	$ **1,099,426**	$ 1,037,974

Key Activities

The key activities for each of the core businesses of the Ministry in 2002-2003 are summarized here.

ALBERTA LOTTERY FUND

Core Business 1

Develop provincial gaming and liquor legislation and policy and regulate the gaming and liquor industries in accordance with legislation and policy.

DID YOU KNOW?

The Gaming and Liquor Amendment Act was proclaimed on June 25, 2002.

IMPROVING LEGISLATION

The *Gaming and Liquor Amendment Act* was proclaimed on June 25, 2002. The amendments, developed with stakeholder input, clarify the roles and responsibilities of licensees and the Alberta Gaming and Liquor Commission (AGLC). Amendments help to improve the AGLC's ability to conduct investigations into applicants for new gaming licensing facilities, including casinos. This is another measure to prevent those with criminal backgrounds, or who otherwise are a detriment to gaming, from becoming involved with gaming in the province.

Other amendments, for example, make it an offence for liquor or gaming facility licensees to permit an apparently intoxicated person to gamble. Another amendment provides that minors will be subject to a fine if found in a casino or racing entertainment centre; previously only facility licensees faced penalties for having minors in these facilities.

ENSURING THE INTEGRITY OF GAMING AND LIQUOR ACTIVITIES

An ongoing commitment and responsibility of the Ministry is to ensure the integrity of gaming and liquor activities. This is achieved through the AGLC by:

- its compliance activities such as inspections and investigations of liquor and gaming facility licensees;
- developing effective terms and conditions with stakeholder input for the delivery of gaming and liquor activities;
- conducting audits of gaming licensees;
- ensuring the security of the ticket lottery, slot machine and video lottery terminal networks;
- conducting detailed corporate financial due diligence investigations on all existing casino facility and racing entertainment licensees; and
- publishing and updating licensee policies and informing stakeholders about the policies.

As noted above, the amendments to the *Gaming and Liquor Act*, proclaimed in June 2002, improved the AGLC's ability to conduct investigations into applicants for new gaming facilities, such as casinos, prior to granting facility licences. This is an important measure to protect the integrity of gaming in Alberta by preventing those with criminal backgrounds, or who might otherwise be a detriment to gaming, from becoming involved with gaming in the province.

A memorandum of understanding between the AGLC and partners was signed in 2002-2003 to establish a joint gaming investigation team to proactively address security issues in the gaming industry. Team members include: the AGLC; the police services of Edmonton, Calgary, Lethbridge and Medicine Hat; the RCMP; Alberta Solicitor General; Alberta Justice; and the Criminal Intelligence Service Alberta (CISA).

DID YOU KNOW?

There are over 11,000 liquor products available through 916 private retail and 86 general merchandise liquor stores in Alberta.

IMPLEMENTING GAMING LICENSING REVIEW POLICIES

The Ministry implemented 34 of the 61 government-approved policy directions of the Gaming Licensing Policy Review and is in the process of implementing the rest of the directions. The policy directions deal with charitable gaming activities (casinos, bingos, raffles and pull-tickets) and provincial lotteries (video lottery terminals, slot machines and ticket lotteries).

The policies, developed with extensive stakeholder consultation and public input, ensure that any growth in gaming in the province is carefully managed, controlled and regulated. They aim to balance the consumer demand for gaming and its economic impacts with the public acceptance and social impacts of gaming. The policies reflect the government's continued commitment to maintaining the distinct charitable gaming model of the province and promoting social responsibility in the gaming industry.

DID YOU KNOW?

The Commission considers the needs and views of Albertans in the development of gaming and liquor policies.

ALBERTA LOTTERY FUND

CASINO LICENSING PROCESS

The AGLC implemented a comprehensive eight-step application process for new traditional or First Nations casinos in 2002-2003. In the application process, communities have an opportunity to indicate their support or lack of support for a proposed new casino before the casino may be licensed by the AGLC. A community may also remain silent on the issue.

During the year, 27 applications were made for traditional and First Nations casinos in the Tourism Destination Regions (TDRs) of Edmonton, Calgary, Alberta North, Alberta South, Alberta Central, and Canadian Rockies. The process allows for the carefully controlled and managed growth of the casino industry in Alberta. All the requirements must be met in each of the eight steps before any new proposed casino will be licensed. None of the applications had proceeded through all eight steps during the fiscal year. The status of casino applications is provided on the Commission Web site at www.aglc.gov.ab.ca.

FIRST NATIONS DEVELOPMENT FUND

The Ministry continued to work with First Nations groups and other ministries – including Alberta Aboriginal Affairs and Northern Development and Alberta Community Development – to establish the framework for the First Nations Development Fund, which will be funded through Alberta Lottery Fund dollars. The First Nations Development Fund will be comprised of a portion of the revenue from electronic gaming in casinos on First Nations land. It will provide opportunities for investments in social and economic development on reserves, as well as social, health, education and infrastructure spending. Since no First Nations casinos were operational in 2002-2003, no gaming proceeds were available for this development fund.

CONSULTING WITH STAKEHOLDERS

The Ministry values the views of its stakeholders and partners. These include charitable organizations, private sector retailers and operators of gaming and liquor activities, representative gaming and liquor industry groups, municipal services such as police agencies, problem gambling agencies, and individuals and groups who have expressed interest in the gaming and liquor industries.

The Ministry continued to seek stakeholder input in developing or updating a range of gaming and liquor policies. Following are examples of some of the Ministry's major projects which involved consultations.

A review of the liquor mark-up structure and related policies conducted in 2002-2003 took into account the input of liquor industry stakeholders. Each of the 27 recommendations made to address the issues considered stakeholder input before receiving approval from the Board of the AGLC. The recommendations that dealt with the liquor mark-up structure were referred to the Minister of Gaming for ministerial policy direction. A final report was issued in February 2003 and implementation of the approved recommendations, including the Minister's policy directions, was initiated. The final report is available at www.aglc.gov.ab.ca.

An MLA committee, appointed by the Minister, led a stakeholder consultation into a proposed draft set of consolidated policies on gaming licensing eligibility and use of proceeds. The AGLC provided technical support to the MLA Review Committee on Charitable Gaming Licensing Eligibility and Use of Proceeds (Committee) as it obtained stakeholder input. The Committee held stakeholder consultation meetings on these policies throughout the province in October 2002. The final report was delivered to the Minister of Gaming in the summer of 2003 and is available on the AGLC web site at www.aglc.gov.ab.ca

The purpose of the review was "to update the mark-up structure and policies affecting the mark-up structure to meet the requirements of consumers, the financial needs of the Government of Alberta and the needs and requirements of stakeholders in today's liquor industry."

AGLC Review of Liquor Mark-up Structure and Related Policies Findings and Recommendations February 23, 2003

DID YOU KNOW?

Bingo events only occur when they are conducted and managed by volunteer-based eligible charities.

The AGLC initiated consultations with bingo stakeholders in January 2003 on revised Bingo Terms & Conditions and Operating Guidelines. The revised policies allow for the implementation of 13 bingo-specific recommendations arising from the Gaming Licensing Policy Review, aimed at helping to revitalize the bingo industry. The consultations were ongoing at March 31, 2003.

Consultations were also held with stakeholders on proposed service and facility standards in the delivery of provincial lotteries, such as VLTs and slot machines, through private retailers or operators. These proposed terms and conditions and standards were based on policy directions provided through the Gaming Licensing Policy Review.

The Ministry continued to consult with the Alberta Alcohol and Drug Abuse Commission (AADAC) in promoting social responsibility in the gaming and liquor industries. This included collaboration on providing the problem gambling awareness program to casinos, VLT retailers, and racing entertainment centres.

KEEPING ALBERTANS UP TO DATE

The Ministry routinely responds to thousands of calls, letters and e-mails each year from the public enquiring about a range of topics, from licensing procedures to facts and figures about liquor services and gaming in the province. The Ministry is committed to being transparent and accountable in its activities. The vast majority of enquiries are addressed directly and promptly.

In a few isolated situations, enquiries are dealt with through the Freedom of Information and Protection of Privacy (FOIP) legislation. The Ministry continues to operate within the provisions of the *FOIP Act* in all areas, including collection, use and disclosure of information. The Department of Gaming received two FOIP requests in 2002-2003, one from the general public and one from an elected official.

HELPING TO STRENGTHEN THE RACING INDUSTRY IN ALBERTA

The *Horse Racing Alberta Act* was proclaimed on June 25, 2002, to allow the racing industry to manage and develop the business of horse breeding and racing in Alberta.

The legislation expands the board of the industry's governing body from seven to 12 members, allowing for more representation from key racing industry stakeholder groups not previously represented on the Alberta Racing Corporation Board. The Alberta Racing Corporation was renamed Horse Racing Alberta to reflect the new integrated governance structure for the industry.

The horse racing industry has a long and valued history in Alberta. A strong horse racing industry has a rippling effect through the agriculture community benefiting everyone from the breeder to the farmer who grows feed for the horses. The Ministry continued to work with the industry under the Racing Industry Renewal Initiative to assist the horse racing industry to maintain and improve live horse racing and breeding in the province.

Under this initiative, a portion of the proceeds from the slot machines at racing entertainment centres and the Stampede Casino in Calgary flow through the Alberta Lottery Fund and are returned to the racing industry for racetrack operations, capital development, purse enhancements and other purposes outlined in Horse Racing Alberta's three-year business plan.

Horse Racing Alberta, which is responsible for licensing horseracing tracks in the province, is now required to prepare three-year business plans with performance measures and provide an annual report, including audited financial statements, to the Minister for tabling in the Legislature.

Core Business 2

Manage the Alberta Lottery Fund and administer designated lottery-funded programs to support Alberta communities.

BENEFITING ALBERTANS: THE ALBERTA LOTTERY FUND

The Alberta Lottery Fund comprises the government's portion of revenue from provincial lotteries net of AGLC's gaming operations costs. Provincial lotteries are slot machines, video lottery terminals (VLTs), and ticket lotteries. In 2002-2003, almost $1.1 billion was placed in the Alberta Lottery Fund. Each year the government votes on the disbursement of funds from the Lottery Fund. These dollars help support thousands of charitable, non-profit, public and community-based initiatives throughout the province each year. The funds are distributed through five foundations, two key granting programs, and 12 ministries.

The funding is distributed to various initiatives including: community facilities, libraries, museums, sports and athletic events, agricultural societies, major exhibitions, arts and culture groups, wildlife and conservation projects, public athletic facilities, seniors' groups, recreation, tourism and historical resources, infrastructure projects, school renewal and construction, seniors' facility upgrades, health facility construction, and provincial debt repayment.

Alberta Gaming administers two key granting programs: the Community Facility Enhancement Program (CFEP) and the newly-created Community Initiatives Program (CIP).

DID YOU KNOW?

The government's share of net revenues from VLTs, slot machines and ticket lotteries is placed into the Alberta Lottery Fund for disbursement back to Alberta's communities.

COMMUNITY FACILITY ENHANCEMENT PROGRAM (CFEP):

In 2002-2003, the Community Facility Enhancement Program (CFEP) provided $25 million in matching grants to communities throughout Alberta.

The CFEP was introduced in 1988 to help foster the unique characteristics of Alberta's many communities. To accomplish this, the program has been designed to provide financial assistance for the expansion and upgrading of Alberta's extensive network of community facilities.

The program provides matching grants, up to a maximum of $125,000 per project each year, to municipalities, Indian Bands and Métis Settlements, and to registered community non-profit groups to build, purchase, repair, renovate, or otherwise improve related family and community wellness facilities.

Examples of projects that have been supported by the Alberta Lottery Fund, through the CFEP can be found in every corner of our province for a wide variety of projects.

In Edmonton, the Women Building Futures Society received $47,159 for upgrades to their training facility so they can continue to assist women in achieving the goal of a sustainable livelihood to better care for themselves and their families.

The Rotary Club of Edson put their ideal of goodwill and beneficial community service to work on the Edson Rotary Skateboard Park with the help of $117,500 in CFEP funding for facility construction. This facility provides many benefits to youth in the community as well as their families and neighbours.

In Enchant, the Community Association works to ensure that their community hall is a hub of activities, the place where a community celebrates, teaches and grows. The Enchant Community Hall received $43,800 for roof repairs so that their community's people place could continue to host a multitude of activities for the citizens of Enchant.

For more examples of the Alberta Lottery Fund at work, all of the CFEP grants can be found in the searchable database found at www.albertalotteryfund.ca.

"...We would like to take this opportunity to commend the CFEP program which contributes greatly to community facilities for the use and enjoyment of many Albertans."

Triwood Community Association received a $123,880 CFEP grant for facility upgrades. December 16, 2002

ALBERTA LOTTERY FUND

COMMUNITY INITIATIVES PROGRAM (CIP):

In 2002-2003, the Community Initiatives Program (CIP) provided $30 million in funding for local initiatives throughout Alberta.

Introduced in 2002, CIP supports project-based initiatives in areas such as community services, seniors' services, libraries, arts and culture, sports, education, health and recreation. The maximum grant amount is $75,000 per project per year, and applications can be submitted anytime throughout the year.

There is a matching requirement for CIP funding. The matching requirement may be met in the form of any contribution of money, volunteer labour, services, or donated materials or equipment for the project.

Those eligible for funding through CIP include: community non-profit groups; Social Services Sector and Regional Children's Authorities; Municipalities; First Nations and Métis Settlements. Community organizations that are not registered may have a sponsor apply on their behalf.

The CIP, through the Alberta Lottery Fund, provides funding to many local initiatives, small or large, throughout the province.

In Athabasca, the local Teen Centre Society received $20,000 to ensure that a program coordinator could be hired to develop and support the many worthwhile programs and activities provided to support the specific needs of the youth in their community.

The Cardston Community Handi-Bus Association provides a valuable service to its citizens by ensuring that people of all abilities have a means of travel. The costs, from a financial and staffing perspective, of maintaining this kind of service are immense. In 2002-2003, the association received $35,000 to purchase a handi-bus so that their users would continue to receive a high level of service.

The Stroke Recovery Association of Alberta works to promote the stroke recovery process for stroke recoverers and their families by providing communication, education, assistance and support to stroke recovery groups throughout Alberta; and to represent stroke recoverers' interests through liaison with governments, corporations, health care organizations, and the public. The association received $35,000 to cover the program expenses of the Stroke Recovery Program.

For more examples of the Alberta Lottery Fund at work, all of the CIP grants can be found in the searchable database found at www.albertalotteryfund.ca.

"We would like to thank the Government of Alberta. This funding means a great deal to our programming and continued success. Your dollars have found a very useful place. Also, I would like to express our many thanks to the Community Initiatives Program for their care and concern for charitable causes and the people who benefit from them."

Youville Women's Residence received a $65,605 CIP grant to support programming costs January 24, 2003

ALBERTA LOTTERY FUND

Core Business 3

Support leading-edge research on gaming and liquor issues in Alberta.

SPONSORING RESEARCH

Eight research projects sponsored by the Alberta Gaming Research Institute were completed in 2002-2003, and 13 more are expected to be completed by December 2003. The Institute's research falls within four broad domains. These domains and the respective total number of research projects that have been approved within each domain since the Institute was established are as follows:

- bio-psychological and healthcare – 16;
- socio-cultural – 10;
- economic – 2; and
- government and industry policy and practice – 2.

Further information is available on the Institute's Web site at www.abgaminginstitute.ualberta.ca.

In 2002-2003, the Ministry was represented on the Advisory Committee for the Alberta Youth Experience Survey, an inter-agency advisory committee led by the Alberta Alcohol and Drug Abuse Commission (AADAC) looking into youth experience related to alcohol consumption, tobacco and drug use, and gambling. During the year, Alberta junior high and high school students were surveyed to obtain current and accurate information about adolescent substance use and abuse and gambling trends. A report of the results is available from the AADAC Web site at www.aadac.com.

PROMOTING SOCIAL RESPONSIBILITY

The Ministry collaborates with its partners in the gaming and liquor industries to promote social responsibility in: (a) the sale, service and consumption of liquor, and (b) the delivery of, and player participation in, gaming activities.

The Ministry's partners include the Alberta Alcohol and Drug Abuse Commission (AADAC), which provides advice and expertise related to issues about liquor addiction and problem gambling. AADAC assists the Ministry in developing effective social responsibility programs that are delivered to the public through its other partners, including the liquor industry and gaming service providers. These partners have cooperated in raising awareness among their customers about issues such as problem gambling, and ensuring minors do not obtain access to liquor. The AGLC participates in the Alberta Partnership on Fetal Alcohol Spectrum Disorder (FASD)/Fetal Alcohol Syndrome (FAS), a provincial group comprised of stakeholders who examine ways to reduce the incidence of FASD/FAS.

Among its social responsibility activities during 2002-2003, the Ministry through the AGLC, continued to carry out and enhance the responsible gaming program involving gaming retailers, including video lottery terminal retailers and casino operators. The program, developed with AADAC, requires retailers and operators to provide problem gambling awareness training for staff, and to post signs in their premises on obtaining more information or treatment for problem gambling. Some retailers and operators also offer server intervention materials and attend annual consultation meetings.

During the year, the Ministry also worked with the liquor industry to develop a new province-wide certification program for liquor industry staff. Those involved in the sale of liquor to the public will be trained under a uniform system with the highest standards.

"...hard evidence from the privatization of the alcohol industry in Alberta, put to rest many of the myths about the impact of alcohol deregulation."

Dr. Douglas West
The Privatization of Liquor Retailing in Alberta,
January 2003

DID YOU KNOW?

Replacing the province's VLTs provides an opportunity for the AGLC to take advantage of technological advances and include responsible gaming features, such as an on-screen clock, and problem gambling messages.

ALBERTA LOTTERY FUND

Report of the Auditor General on the Results of Applying Specific Auditing Procedures to Performance Information

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

In connection with the Ministry of Gaming's performance information included in the *2002-2003 Annual Report of the Ministry of Gaming* I have:

PERFORMANCE MEASURES

1. Agreed information from an external organization to reports from the organization.
2. Agreed information from reports that originated from organizations included in the consolidated financial statements of the Ministry to source reports. In addition, I tested the procedures used to compile the underlying data into the source reports.
3. Checked that the presentation of the results is consistent with the stated methodology.
4. Checked that the results presented are comparable to stated targets, and information presented in prior years.
5. Checked that the performance measures, as well as targets, agree to and include results for all of the measures presented in Budget 2002.

SUPPLEMENTAL INFORMATION

6. Agreed the information to source reports. In addition, I checked that the supporting narrative is consistent with the information.

As a result of applying the above procedures, I found no exceptions. These procedures, however, do not constitute an audit and therefore I express no opinion on the performance information included in the *2002-2003 Annual Report of the Ministry of Gaming*.

Fred Dunn, FCA
Auditor General

Edmonton, Alberta
June 13, 2003

Performance Measures

Ministry of Gaming

The goals, performance measures, targets and results for 2002-2003 are presented in this section.

The goals, performance measures and targets are from the Ministry's 2002-2005 business plan, consistent with the Alberta government's accountability framework.

Core Business 1

Develop provincial gaming and liquor legislation and policy and regulate the gaming and liquor industries in accordance with legislation and policy.

The Ministry is committed to developing gaming and liquor legislation and policy that strike a balance between choice and responsibility in gaming and liquor activities in Alberta. The Ministry ensures the regulation of the gaming and liquor industries through the provisions of the *Gaming and Liquor Act* and Regulation.

The consolidated expense for carrying out this core business in 2002-2003 was $1.1 million.

Goal 1.1
Alberta gaming and liquor policies achieve a balance between social responsibility and economic benefit to Albertans.

Goal 1.2
The gaming and liquor industries are regulated in accordance with legislation and policy.

PERFORMANCE MEASURE RESULTS

Core Business 1 has two performance measures both of which involve surveying the public to determine their level of satisfaction, first with the conduct of the liquor business in Alberta, and second with the conduct of legal gaming in Alberta. For both of these surveys Alberta Gaming commissioned Research Innovations Inc. to conduct a telephone survey of Albertans. A total of 1,001 adult Albertans were interviewed in January 2003, providing a margin of error of +/-3.2% with a 95% level of confidence. A stratified random sample of Albertans was interviewed. The sample was stratified by region, by age and by gender within each region, based on the 2001 census data of Statistics Canada. The sample was drawn randomly from the most recent residential phone listings within Alberta. Respondents

were considered satisfied if they indicated they were "very satisfied", "satisfied", or "somewhat satisfied". The possible responses were "very satisfied", "satisfied", "somewhat satisfied", "somewhat dissatisfied", "dissatisfied", or "very dissatisfied."

These measures, and the corresponding targets and results achieved, are provided here.

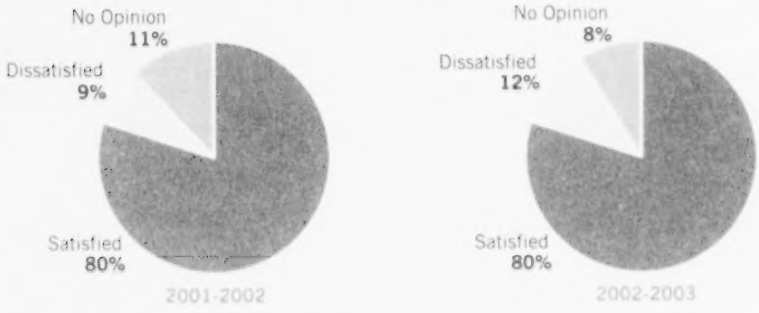
PERFORMANCE MEASURE 1

	2001-2002		2002-2003	
	Target	**Result**	**Target**	**Result**
Percentage of Albertans surveyed who are satisfied with the conduct of the liquor business in Alberta.	70%	80%	75%	80%

KEY RESULTS

When asked to rate their overall satisfaction with the way the liquor business is conducted in Alberta, 80% of Albertans surveyed indicated that they were satisfied in both 2001-2002 and 2002-2003.

> Overall satisfaction with the conduct of the liquor business in Alberta

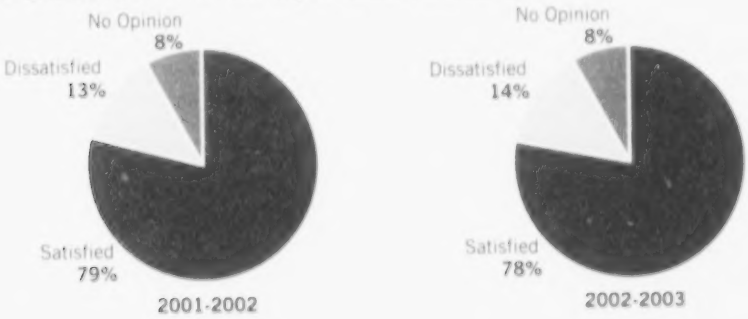


SUPPLEMENTAL INFORMATION

In addition to assessing overall satisfaction with the conduct of the liquor business in Alberta, respondents were also asked about their level of satisfaction with various aspects of the liquor business.

For example, at the outset of the interview it was explained that the Alberta government privatized the retailing of liquor in 1993 and that the government continues to regulate and license the liquor industry in Alberta. When asked about how satisfied they are with how liquor is sold in Alberta, 78% were satisfied compared to 79% in 2001-2002.

> Satisfaction with how liquor is sold in Alberta



Respondents who had purchased liquor at a retail liquor store in the past 12 months were also asked to rate their satisfaction with five different aspects of the liquor stores that they have patronized.

Of the 76% of Albertans who indicated that they have purchased liquor at a retail liquor store in Alberta in the past 12 months, the vast majority were satisfied, as indicated in the following chart:

Area of satisfaction	2001-2002	2002-2003
Percentage satisfied with the overall level of service generally received	96%	96%
Percentage satisfied with the location of liquor stores	94%	94%
Percentage satisfied with the selection of products in liquor stores	93%	93%
Percentage satisfied with the hours of operation of liquor stores	89%	90%
Percentage satisfied with the price of products	75%	70%
Percentage satisfied that business was conducted in a responsible manner	Not surveyed	93%

Albertans who had purchased liquor at a bar, lounge or restaurant in Alberta in the past 12 months were asked to rate their level of satisfaction with the hours of operation of these establishments and the overall conduct of the business in an appropriate, responsible manner. Of the 58% of Albertans who indicated that they have purchased liquor at a bar, lounge or restaurant in Alberta in the past 12 months, the majority were satisfied as indicated in the following chart:

Area of satisfaction	2001-2002	2002-2003
Percentage satisfied with the hours of operation of these establishments	94%	93%
Percentage satisfied with the overall conduct of the business in an appropriate, responsible manner	91%	93%

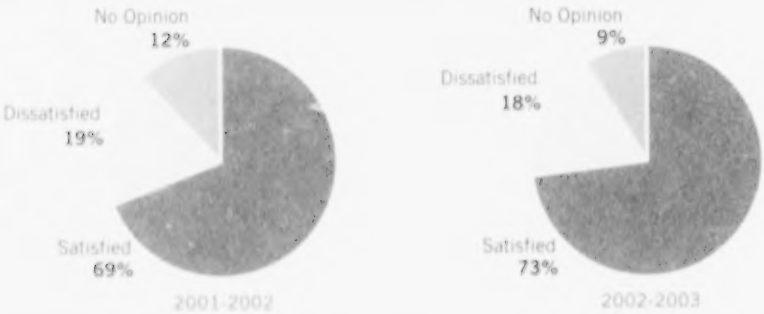
PERFORMANCE MEASURE 2

	2001-2002		2002-2003	
	Target	Result	Target	Result
Percentage of Albertans who are satisfied with the conduct of legal gaming in Alberta.	65%	69%	70%	73%

KEY RESULTS

When asked to rate their overall satisfaction with the way legal gaming is conducted in Alberta, 73% of Albertans surveyed indicated that they were satisfied, up 4% from 2001-2002, 18% were dissatisfied, and 9% did not provide an opinion.

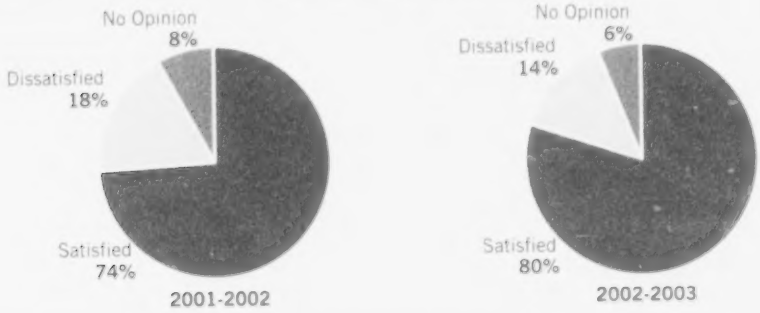
> Overall satisfaction with the conduct of legal gaming in Alberta



SUPPLEMENTAL INFORMATION

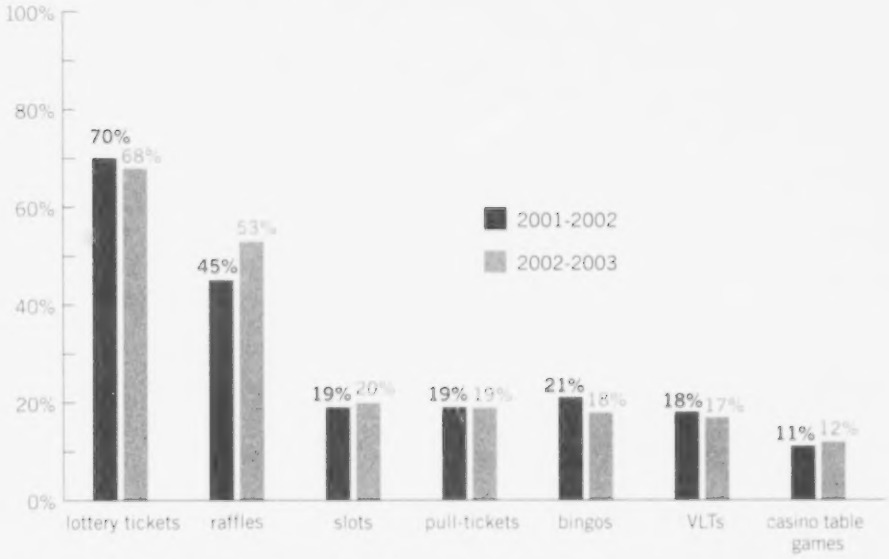
In addition to assessing overall satisfaction with the conduct of legal gaming in Alberta, respondents were also asked about their level of satisfaction with various aspects of gaming activities. For example, it was explained that in Alberta we have a charitable gaming model for casino, pull-ticket, raffle and bingo events. These gaming activities can only occur when eligible non-profit, charitable organizations apply for and receive licences to conduct gaming activities. Respondents were further advised that in 2001-2002, these activities generated more than $200 million for more than 9,000 charitable and religious organizations in Alberta. When asked how satisfied they are with this model of charitable gaming, 80% of respondents indicated they were satisfied, up from 74% in 2001-2002.

> Satisfaction with Alberta's Charitable Gaming Model



Respondents were also asked if they had participated in various gaming activities in the past 12 months. As the following graph shows, participation in gaming activities ranged from 68% for lottery tickets to 12% for casino table games.

> Participation in Alberta's gaming activities



For each gaming activity in which they participated in the past 12 months, respondents were asked how satisfied they are that the activity was conducted in an appropriate, responsible manner. As the following table illustrates, a majority of participants were satisfied that each of the seven different gaming activities were conducted in an appropriate and responsible manner:

Gaming activity	2001-2002	2002-2003
Lottery tickets	92%	94%
Bingo	91%	94%
Raffles	93%	92%
Casino table games	92%	92%
Pull-tickets, break opens or Nevada tickets	92%	89%
Slot machines	86%	83%
Video lottery terminals	80%	82%

Core Business 2

Manage the Alberta Lottery Fund and administer designated lottery-funded programs to support Alberta communities.

All provincial government gaming revenue is deposited into the Alberta Lottery Fund and identified for use in specific charitable, non-profit, public and community-based initiatives. The Alberta Lottery Fund is made up of the government's portion of proceeds from video lottery terminals, slot machines and ticket lotteries, net of AGLC's gaming operations cost.

The Department of Gaming coordinates development of the Lottery Fund Estimates and administers specific lottery-funded programs. The AGLC administers the Lottery Fund, including collection of revenues and disbursement of funds to the ministries identified in the *Lottery Fund Appropriation Act*.

Alberta Lottery Fund allocations support programs, projects and foundations administered by various ministries of the government.

The consolidated expense for carrying out this core business in 2002-2003 was $1.1 billion.

Goal 2.1

Lottery funds support charitable, non-profit, public and community-based initiatives.

PERFORMANCE MEASURE RESULTS

Core Business 2 has four performance measures. These measures and the results achieved are discussed here.

PERFORMANCE MEASURE 1

	2001-2002		2002-2003	
	Target	**Result**	**Target**	**Result**
Percentage of Alberta Lottery Fund disbursements committed to supporting charitable, non-profit, public and community-based initiatives.	100%	100%	100%	100%

ABOUT THE RESULTS

In accordance with government policy, lottery funds are used to support foundations and grant programs, and community and non-profit initiatives, including identifiable broad-based public initiatives that benefit Alberta communities.

During the annual business planning and budget process, government ministries identify projects that support charitable, non-profit, public or community-based initiatives. Funding for these initiatives is debated in the Legislature to give full public disclosure and ensure lottery fund disbursements support charitable, non-profit, public or community-based initiatives.

In fiscal 2002–2003, the Lottery Fund also contributed to the debt repayment plan. Repayment of debt with lottery funds is a public initiative supported by Albertans.

Ministries that operate lottery-funded programs are to seek the concurrence of the Minister of Gaming and Treasury Board before any funds are transferred from a lottery-funded initiative to a general revenue funded initiative within the Ministry's budget. Any unspent lottery fund allocations are transferred to general revenues at the end of the fiscal year, as disclosed in the financial statements of these ministries. Each Ministry receiving lottery fund allocations is responsible for ensuring the funding is used appropriately.

ALBERTA LOTTERY FUND

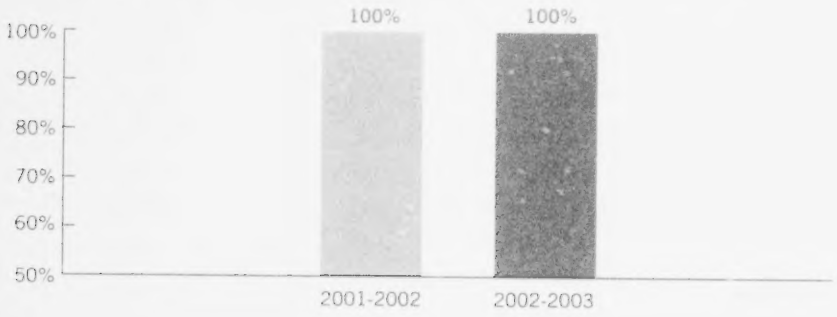
Examples of broad-based government initiatives that were allocated funding from the Alberta Lottery Fund in 2002-2003 include:

- Alberta *Wel*lnet,
- Health facilities,
- School facilities,
- School technology upgrades, and
- Alberta Supernet.

Additional information about lottery fund allocations and grant recipients is available on the Alberta Lottery Fund Web site at www.albertalotteryfund.ca.

KEY RESULTS

> Percentage of Alberta Lottery Fund disbursements committed to supporting charitable, non-profit, public and community-based initiatives



PERFORMANCE MEASURE 2

	2001-2002		2002-2003	
	Target	**Result**	**Target**	**Result**
Percentage of administration costs of lottery-funded programs administered by the Department of Gaming.	Less than 2% of program disbursements	1.23%	Less than 2% of program disbursements	1.25%

ABOUT THE RESULTS

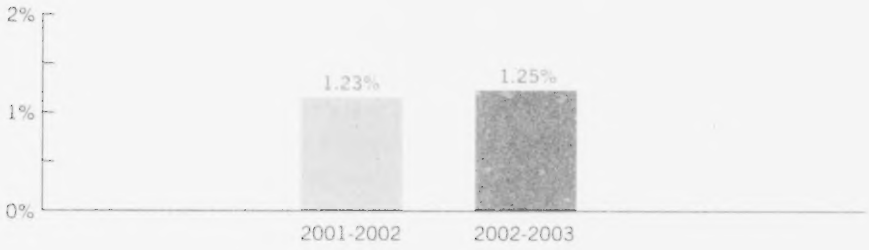
In 2002-2003, the Ministry of Gaming was responsible for administering designated lottery-funded programs including the Community Facility Enhancement Program (CFEP), the Community Initiatives Program (CIP), major fairs and exhibitions, and other initiatives.

The Ministry is committed to keeping the costs of administering these programs to a minimum, specifically to less than 2% of program disbursements.

The performance measure is the ratio of the lottery program administration costs to the disbursements made through Lottery Funded Programs. Lottery program administration costs are salaries, benefits, supplies and service costs of the Lottery Funded Program Division of Alberta Gaming. In 2002-2003, these costs were $1.5 million. Program disbursements are disbursements to CFEP, CIP, and agriculture, economic development and other initiatives administered by the Department of Gaming. In 2002-2003, these disbursements were $118.5 million.

KEY RESULTS

> Percentage of administration costs of lottery-funded programs administered by the Department of Gaming



PERFORMANCE MEASURE 3

	2001-2002		2002-2003	
	Target	**Result**	**Target**	**Result**
Percentage of Albertans who are aware that the Alberta Lottery Fund supports charitable, non-profit, public and community-based initiatives.	Establish baseline	44%	Increase over 2001-2002 baseline	47%

ABOUT THE RESULTS

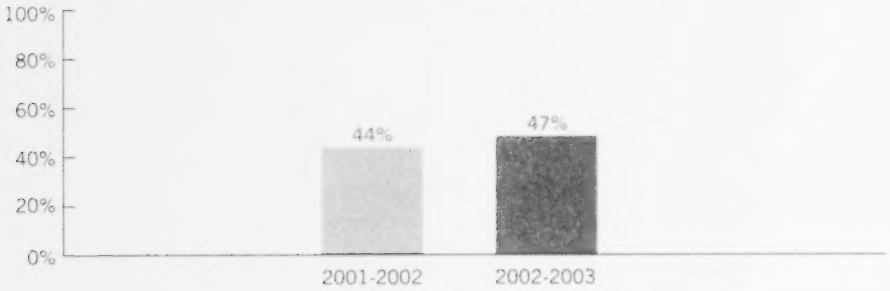
Alberta Gaming is committed to ensuring that Albertans are aware of how lottery dollars are spent. In January 2003 Research Innovations Inc. was commissioned to conduct an independent telephone survey of adult Albertans to determine how many are aware of the Alberta Lottery Fund and that the lottery fund supports charitable, non-profit, public and community-based initiatives.

A total of 1,001 adult Albertans were interviewed in January 2003, providing a margin of error +/- 3.2% with a 95% confidence level. A stratified random sample of Albertans was interviewed. The sample was stratified by region, and by age and gender within each region, based on the 2001 census data of Statistics Canada. The sample was drawn randomly from the most recent residential phone listings within Alberta.

KEY RESULTS

Of the Albertans surveyed, 47% said they were aware of the Alberta Lottery Fund and aware that the Fund supports at least one of the different types of organizations or initiatives (charitable, non-profit, public and community-based initiatives). However, the survey results indicate that most Albertans (60%) have heard, seen or read something about the Alberta Lottery Fund, which is a substantial increase over last year, when only 48% had heard about the Lottery Fund.

> Awareness that the Alberta Lottery Fund supports charitable, non-profit, public and community-based initiatives



Awareness of the Alberta Lottery Fund is a priority for not only Alberta Gaming, but for Albertans as well. To help Albertans understand more about how provincial lottery revenues benefit their communities, the Ministry began an awareness campaign in 2002-2003. The initial launch involved the use of a traveling display, which makes appearances at conferences and trade shows across the province, and developing awareness products, such as an information brochure and a comprehensive Web site which can be found at www.albertalotteryfund.ca.

PERFORMANCE MEASURE 4

	2001-2002		2002-2003	
	Target	**Result**	**Target**	**Result**
Percentage of Albertans who are satisfied with how the Alberta Lottery Fund revenue is used.	Not applicable *	73%*	Establish baseline	70%

*No target existed for 2001-2002 as the Ministry did not formally adopt this as a performance measure until 2002-2003. The data was, however, collected in 2001-2002 as supplemental information, therefore providing a result of 73%.

ABOUT THE RESULTS

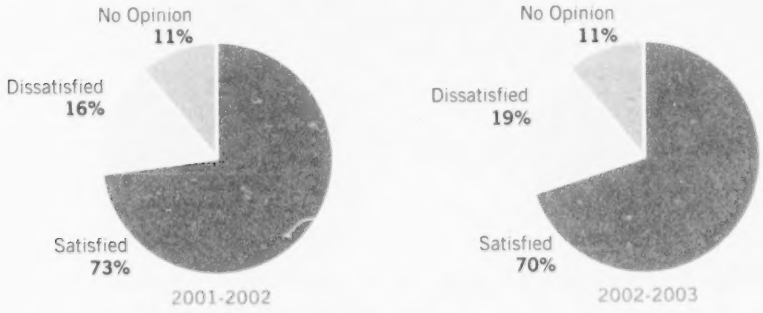
A total of 1,001 adult Albertans were interviewed in January 2003, providing a margin of error +/- 3.2% with a 95% confidence level. A stratified random sample of Albertans was interviewed. The sample was stratified by region, and by age and gender within each region, based on the 2001 census data of Statistics Canada. The sample was drawn randomly from the most recent residential phone listings within Alberta.

ALBERTA LOTTERY FUND

KEY RESULTS

Albertans were informed that the Alberta Lottery Fund is the government's share of revenue from video lottery terminals, slot machines and lottery ticket sales, and that the lottery fund is used to fund charitable, non-profit, public and community-based initiatives. When asked how satisfied they are with how the lottery fund revenues are used, 70% indicated they were satisfied, which is a slight decrease from last year at which time 73% of respondents indicated that they were satisfied. Respondents were considered satisfied if they indicated they were "very satisfied", "satisfied", or "somewhat satisfied". The possible responses were "very satisfied", "satisfied", "somewhat satisfied", "somewhat dissatisfied", "dissatisfied", or "very dissatisfied". Respondents who indicated that they were dissatisfied were not asked the reason for their dissatisfaction.

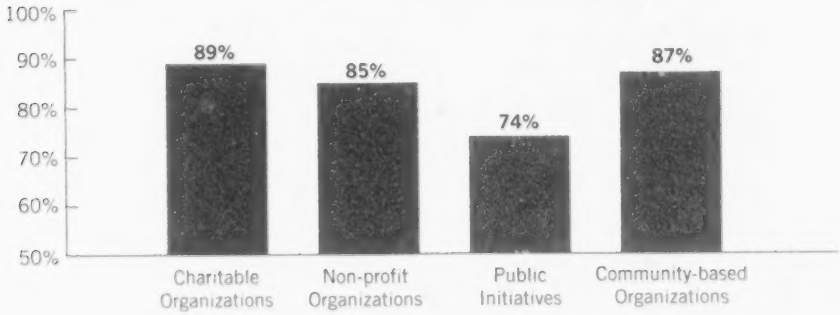
> Satisfaction with how Alberta Lottery Fund revenue is used



SUPPLEMENTAL INFORMATION

When Albertans were asked if they thought the Alberta Lottery Fund should provide financial support to charitable, non-profit, public and community-based initiatives, most Albertans said yes, as illustrated in the chart below:

> Perception of what the Alberta Lottery Fund should support



Core Business 3

Support leading-edge research on gaming and liquor issues in Alberta.

Alberta is committed to being a key partner in supporting gaming and liquor related research. The Ministry established the Alberta Gaming Research Council to help direct the activities of the Alberta Gaming Research Institute, a consortium of the Universities of Alberta, Calgary and Lethbridge, established to sponsor research into the social and economic aspects of gaming, emerging gaming trends and problem gambling prevention and treatment.

The government's support of the Council and Institute is funded by the Alberta Lottery Fund. Through legislation, policy and partnerships, the Ministry supports the responsible use and enjoyment of alcohol and of gaming entertainment. The Ministry also supports the prevention and treatment of problem gambling.

The consolidated expense for carrying out this core business in 2002-2003 was $1.7 million.

Goal 3.1

The Ministry is a partner in leading-edge gaming and liquor research that supports policy development.

PERFORMANCE MEASURE RESULTS

Core Business 3 has two performance measures.

PERFORMANCE MEASURE 1

	2001-2002		2002-2003	
	Target	**Result**	**Target**	**Result**
Percentage of partners who are satisfied with level of support and cooperation for research, prevention and treatment programs.	Establish baseline	86%	Increase over 2001-2002 baseline	93%

ALBERTA LOTTERY FUND

ABOUT THE RESULTS

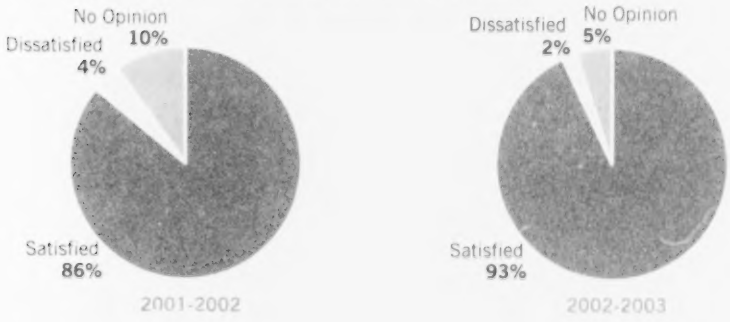
Alberta Gaming commissioned Research Innovations Inc. to undertake an independent survey of partners to whom Alberta Gaming provides support and cooperation for research, and prevention and treatment programs. Satisfaction is measured annually through a census survey of partners, which includes eight industry associations and government agencies and 14 casino and racing entertainment operators. Respondents were considered satisfied if they indicated they were "very satisfied", "satisfied", or "somewhat satisfied". Possible responses were "very satisfied", "satisfied", "somewhat satisfied", "somewhat dissatisfied", "dissatisfied", or "very dissatisfied".

To calculate overall satisfaction among the 15 partners that participated in the survey, the results were weighted so that the number of respondents in each group (industry associations/government agencies and casino/racing entertainment centre operators) was proportionate to their representation in the total partner population.

KEY RESULTS

In January 2003, partners were interviewed about their level of satisfaction with Alberta Gaming's support and cooperation for research, and for prevention and treatment programs. The vast majority of partners, 93% in both client groups (industry associations/government agencies and casino/racing entertainment centre operators), were satisfied with Alberta Gaming's support and cooperation for research, and for prevention and treatment programs. This is an increase of 7% from those satisfied in 2001-2002.

> Overall partner satisfaction with level of support and cooperation for research, prevention and treatment programs



PERFORMANCE MEASURE 2

	2001-2002		2002-2003	
	Target	**Result**	**Target**	**Result**
Percentage of Albertans surveyed who are aware of prevention and treatment programs for problem gambling and alcohol abuse.	Establish baseline	93%	Increase over 2001-2002 baseline	95%

ABOUT THE RESULTS

A key strategy for this goal is for Alberta Gaming, in partnership with the Alberta Alcohol and Drug Abuse Commission and the gaming and liquor industries, to ensure that consumers of alcohol and gaming products are aware of prevention and treatment programs for problem gambling and alcohol abuse.

Alberta Gaming commissioned Research Innovations Inc. to conduct a telephone survey of adult Albertans to determine how many Albertans are aware of prevention and treatment programs for problem gambling and alcohol abuse.

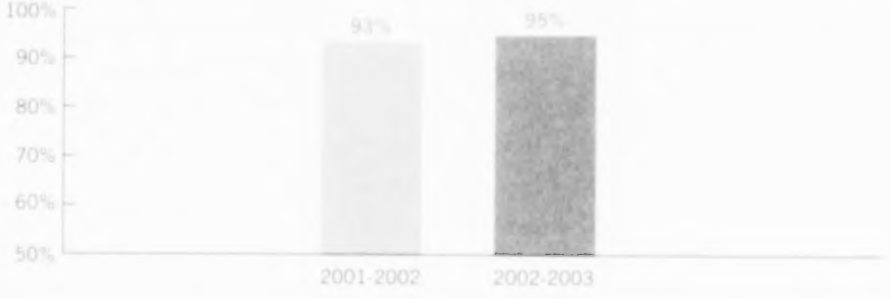
A total of 1,001 adult Albertans were interviewed, providing a margin of error of +/- 3.2% with a 95% confidence level. A stratified random sample of Albertans was interviewed. The sample was stratified by region, and by age and gender within each region, based on the 2001 census data of Statistics Canada. The sample was drawn randomly from the most recent residential phone listings within Alberta.

Albertans were asked if they have ever heard, seen or read anything about prevention and treatment programs for problem gambling and/or alcohol abuse.

KEY RESULTS

Overall, 95% of Albertans were aware of prevention and treatment programs for problem gambling and/or alcohol abuse that are offered in Alberta.

> Albertans awareness of prevention and treatment programs for problem gambling and alcohol abuse



Performance Measures

Alberta Gaming and Liquor Commission

THE ALBERTA GAMING AND LIQUOR COMMISSION IS AN AGENT OF THE GOVERNMENT.

It consists of a Board and a Corporation and, under the *Gaming and Liquor Act*, publishes its own annual report under a separate cover. However, as the Commission works to achieve the vision of the Ministry, its performance measures are included in the Ministry's annual report. For more information on the operations of the Commission, readers should consult the Alberta Gaming and Liquor Commission Annual Report available from the Communications Division listed on the inside back cover of this report.

The Commission has three core businesses. These core businesses and the corresponding goals, performance measures, targets and results for 2002-2003 are presented in this section. The goals and performance measures are from the Alberta Gaming and Liquor Commission 2002-2005 Business Plan and are consistent with the Alberta government's accountability framework.

The Commission is committed to providing superior service to its stakeholders, partners and the public, and to carrying out its responsibilities transparently and efficiently. The results achieved in 2002-2003, as reflected in the pages which follow, reflects this commitment. Most of the results have exceeded the performance measure targets.

Core Business 1
License and regulate liquor activities.

The Commission licenses, regulates and monitors liquor activities in the province according to the *Gaming and Liquor Act* and Regulation, other provincial and federal legislation, and Commission policies. The Commission also registers liquor suppliers and suppliers' representatives.

Goal 1.1
Develop liquor policy and conduct licensing activities in accordance with the *Gaming and Liquor Act* and Regulation.

Goal 1.2
Ensure the manufacture, importation, distribution, sale and consumption of liquor products are conducted according to legislation and policy.

PERFORMANCE MEASURE RESULTS

Core Business 1 has three performance measures. These measures, the targets and results are discussed here.

PERFORMANCE MEASURE 1

	2001-2002		2002-2003	
	Target	**Result**	**Target**	**Result**
Licensees comply with legislation, regulation and policy.	85%	98.4%	87%	98.5%

ABOUT THE RESULTS

The Regulatory Division of the Commission is responsible for conducting inspections of licensed liquor premises in Alberta, to ensure licensees are complying with legislation, regulation and policy. Inspectors complete a report for each inspection conducted, and the results are entered into the Commission's investigation system.

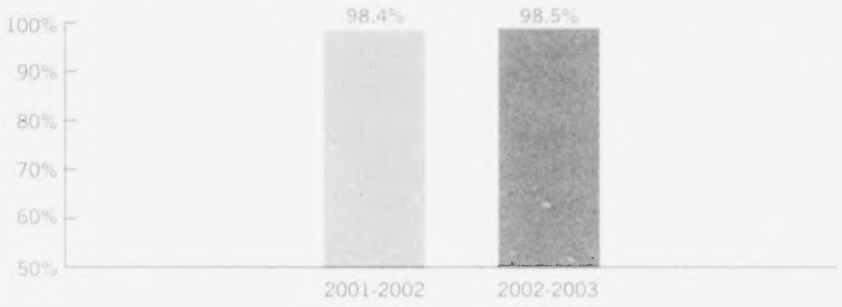
If a significant violation is identified, one that would give rise to a penalty or hearing under the *Gaming and Liquor Act*, Regulation or Board policy, an incident report is prepared and the matter is referred to the Executive Director of the Regulatory Division or to the Board of the Commission for disposition. Compliance is not met if an incident report is prepared.

Results equal the ratio of the number of inspections during the period in which an incident report was generated to the total number of inspections for the period.

KEY RESULTS

During 2002–2003, the Alberta Gaming and Liquor Commission conducted 16,519 liquor inspections which generated 253 incident reports and a compliance rate of 98.5%. The compliance rate has not changed significantly over the past two years.

> Liquor licensees comply with legislation, regulation and policy



PERFORMANCE MEASURE 2

	2001-2002		2002-2003	
	Target	Result	Target	Result
Percentage of licences and registrations approved within established timeframes.	95%	99.8%	97%	98.8%

ABOUT THE RESULTS

The Commission is committed to providing superior service to its stakeholders, partners and the public. For this performance measure, service is measured by whether or not response time targets are met for customers applying for liquor licences and registrations.

New licences refer to licences issued to individuals or organizations for the sale and consumption of liquor. Specifically, these refer to an individual, company or organization that applies and is issued a licence for the sale and manufacture of liquor.

A Special Event licence allows the licence holder to host a function with liquor service. Special event functions are for a limited duration and the licence holders can be individuals, not-for-profit organizations or companies.

A liquor agency registration allows the licence holder to represent a liquor supplier in the sale of the supplier's liquor. Liquor agencies can be a company or an individual.

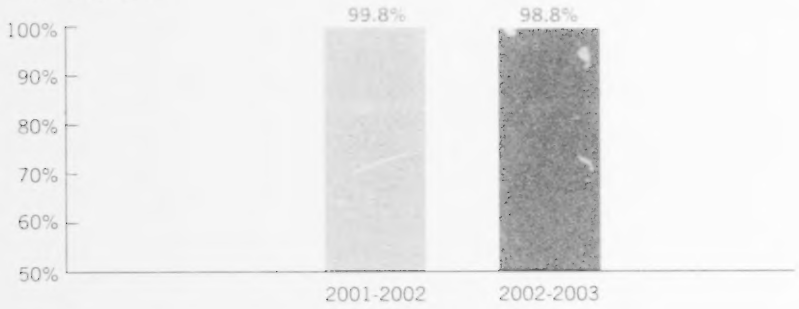
Response times are measured in working days. They are calculated from the date all the information is received from the customer applying for a licence, to the date when the application process is finalized. The documents are date stamped by the Commission when they are received and filed for final processing.

The results equal the ratio of applications processed within established timeframes to the total applications processed during the period. The results for new licences were derived from a random sample of 100 licences to test for completion dates.

KEY RESULTS

In 2002-2003, over 1,800 licences and registrations were issued and 98.8% were processed within established timeframes.

> Liquor licences and registrations approved within established timeframes



SUPPLEMENTAL INFORMATION

Type of licence	Timeframes established for completion	Number of licences processed		Percentage completed within timeframe	
		2001-2002	2002-2003	2001-2002	2002-2003
New Licences	21 days	1,005	1,124	100%	98%
Special Event Licences	14 days	695	736	100%	100%
Liquor Agency Registrations	7 days	38	29	89%	100%
Total		**1,738**	**1,889**	**99.8%**	**98.8%**

PERFORMANCE MEASURE 3

	2001-2002		2002-2003	
	Target	Result	Target	Result
Percentage of liquor industry clients who are satisfied with level of service provided by AGLC.	Establish baseline	95%	Increase over 2001-2002 baseline	92%

ABOUT THE RESULTS

The AGLC is committed to providing excellence in service to its clients. To determine the satisfaction of liquor industry clients with the services provided by the Commission, Research Innovations Inc. was commissioned

to survey liquor industry clients. In January 2003, 367 of 6,193 liquor licensees and 137 of 206 registered liquor agencies were interviewed. The margin of error was no more than +/- 5% with a confidence level of 95%.

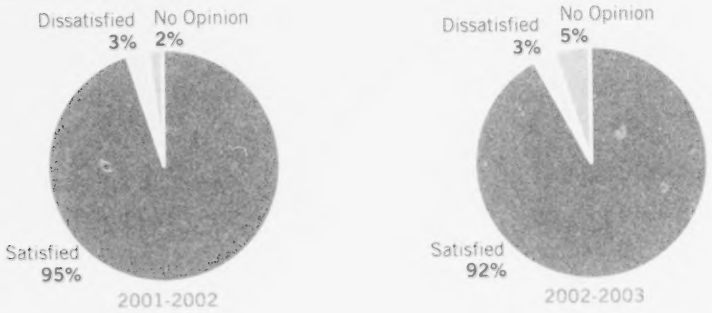
A random and representative sample of both client groups was asked to focus on the services provided to them by the Commission over the past 12 months. Both client groups were asked to rate their satisfaction with three different aspects of service during the past twelve months: response time, knowledge of employees and courtesy of employees. In addition, they were asked to rate their overall satisfaction with the services provided by the Alberta Gaming and Liquor Commission. Possible responses were "very satisfied", "satisfied", "somewhat satisfied", "somewhat dissatisfied", "dissatisfied", "very dissatisfied", or "don't know".

Overall satisfaction was calculated by weighting the results so that the number of respondents in each group was proportionate to their representation in the entire client population. Satisfaction ratings represent the total per cent of respondents indicating they were "very satisfied", "satisfied", or "somewhat satisfied" with the service.

KEY RESULTS

Overall satisfaction with the services offered by the AGLC is 92%. It is important to note that the overall level of dissatisfaction did not increase since last year, as the percentage of dissatisfaction remained at 3% for both years. However, this year, 5% of the liquor industry clients surveyed indicated that they either didn't know or did not state an opinion, which is up 3% from the previous year.

> Overall liquor industry clients who are satisfied with level of service provided by AGLC



Core Business 2

License and regulate charitable gaming activities.

The province continues to be a leader with its charitable gaming model for casinos, bingo, raffles and pull-ticket sales. These gaming activities may only occur when eligible non-profit and charitable groups apply for and receive licences to conduct them. Alberta's charitable model ensures proceeds from gaming activities provide a benefit to the community.

Goal 2.1

Develop gaming policy and conduct licensing activities under the authority of the *Criminal Code of Canada* and in accordance with the *Gaming and Liquor Act* and Regulation.

Goal 2.2

Ensure all gaming activities are conducted in accordance with legislation and policy.

PERFORMANCE MEASURE RESULTS

Core Business 2 has three performance measures. These measures, the targets and results are discussed here.

PERFORMANCE MEASURE 1

	2001-2002		2002-2003	
	Target	**Result**	**Target**	**Result**
Charitable gaming activities are conducted in accordance with legislation, regulations and policy.	80-90%*	93-99%*	92%	96.4%

* In 2001-2002 separate compliance targets were set for each of the four charitable gaming streams. In 2002-2003 the same target was set for each stream. For more information on the 2001-2002 targets and results, please see the 2001-2002 Annual Report.

ALBERTA LOTTERY FUND

ABOUT THE RESULTS

The Regulatory Division of the Commission conducts inspections and audits of charitable gaming activities to ensure licensees are complying with legislation, regulations and policy. Charitable gaming activities refer to bingo, casino table games, raffles and pull-tickets.

Compliance is monitored by inspection and audit of charitable gaming activities to determine whether the licensee adheres to legislation and policies for the specific licence.

Inspectors complete a report for each inspection conducted. An inspection involves an inspector reviewing the processes, procedures and/or activities at licensed premises, licensed facilities or at licensed gaming events to ensure they are being conducted in accordance with legislation and policy. If a significant violation is identified, one that would give rise to a penalty or hearing under the *Gaming and Liquor Act*, Regulation, or Board policy, an incident report is prepared and the matter is referred to the Executive Director, Regulatory Division, for a specified penalty or to the Board of the Commission for further action.

Similarly, the Regulatory Division prepares an audit report for each audit conducted. An audit involves a comprehensive analysis of the operations and/or financial records of a licensee to ensure the licensee is complying with the *Gaming and Liquor Act*, Regulation or Board policy. Again, if a significant violation is identified, one that would give rise to a penalty or hearing under the *Gaming and Liquor Act*, Regulation, or Board policy, an executive audit summary report is prepared and the matter is referred to the Executive Director, Regulatory Division, for a specified penalty or to the Board of the Commission for further action.

The results equal the ratio of the total number of inspections resulting in incident reports and audits that identify infractions during the period to the total number of inspections and audits conducted during the period.

KEY RESULTS

In 2002-2003, there were a total of 3,272 inspections and audits conducted in the gaming industry with 117 incident reports and/or infractions generated. The overall rate of compliance for 2002-2003 is 96.4%.

> 2002-2003 inspections and audits

3,158	inspections	51	incident reports	98.4%	compliance
114	licences audited	66	infractions reported	42.1%	compliance
3,272	inspections/audits	117	incidents/infractions	96.4%	compliance

A lower rate of compliance is expected with audits, as opposed to inspections, as the majority of audits are initiated by complaints from the public or referrals from other branches of the Commission or the Department of Gaming.

PERFORMANCE MEASURE 2

	2001-2002		2002-2003	
	Target	**Result**	**Target**	**Result**
Percentage of licences and registrations completed within established timeframes.	95%	97.8%	97%	98.3%

ABOUT THE RESULTS

The Commission is committed to providing superior service to its stakeholders, partners and the public.

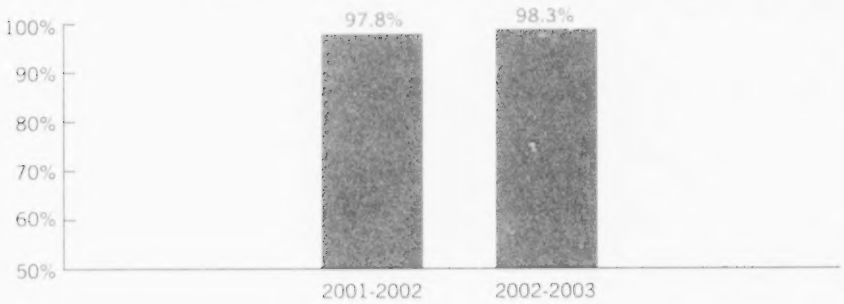
For this performance measure, service is measured by whether or not response time targets are met for customers applying for licences and registrations. Response times are calculated from the date the complete documentation is received to the final processing date of the applications. Results equal the ratio of applications completed within established timeframes to the total number of applications processed during the period.

KEY RESULTS

In 2002-2003, 9,380 charitable gaming licences and registrations were processed with 98.3% of licences and registrations completed within established timeframes.

ALBERTA LOTTERY FUND

> Licences and registrations completed within established timeframes



SUPPLEMENTAL INFORMATION

In each gaming stream, the licences and registrations were completed within the established timeframes as illustrated in the following chart:

Type of licence or registration	Timeframes established for completion	Number of licences		Percentage completed within timeframe	
		2001-2002	2002-2003	2001-2002	2002-2003
Bingo Licences	12 weeks	1,418	1,577	99%	96.5%
Casino Licences	12 weeks	2,673	2,923	95%	100%
Pull-Ticket Licences	4 weeks	258	371	82%	74.1%
Raffle Licences	8 weeks	331	317	100%	97.8%
Gaming Worker Registrations	6 weeks	3,931	4,192	100%	100%
Total		**8,611**	**9,380**	**97.8%**	**98.3%**

PERFORMANCE MEASURE 3

	2001-2002		2002-2003	
	Target	**Result**	**Target**	**Result**
Percentage of gaming industry clients who are satisfied with level of service provided by AGLC.	Establish baseline	95%	Increase over 2001-2002 baseline	95%

ABOUT THE RESULTS

Research Innovations Inc. was commissioned to survey charitable gaming licensees to assess their level of satisfaction with the services provided by the Commission. A random selection of Charitable Gaming Licences was drawn from a list of active organizations that had applied for a licence since January 1, 2002. In January 2003, telephone interviews were conducted with:

- 297 of the 1,280 bingo licensees;
- 343 of the 2,777 casino licensees;
- 153 of the 253 raffle licensees; and
- 187 of the 356 pull-ticket licensees.

The sampling size provides a margin of error of no more than +/- 3.8% with a confidence level of 95%.

The survey methodology ensured that charitable groups which held more than one type of gaming licence during the period were not surveyed more than once.

A random and representative sample of client groups was asked to focus on the services provided to them by the Commission over the past 12 months. Client groups were asked to rate their satisfaction with three different aspects of service during the past twelve months: response time, knowledge of employees and courtesy of employees. In addition, they were asked to rate their overall satisfaction with the services provided by the Alberta Gaming and Liquor Commission. Possible responses were "very satisfied", "satisfied", "somewhat satisfied", "somewhat dissatisfied", "dissatisfied", "very dissatisfied", or "don't know".

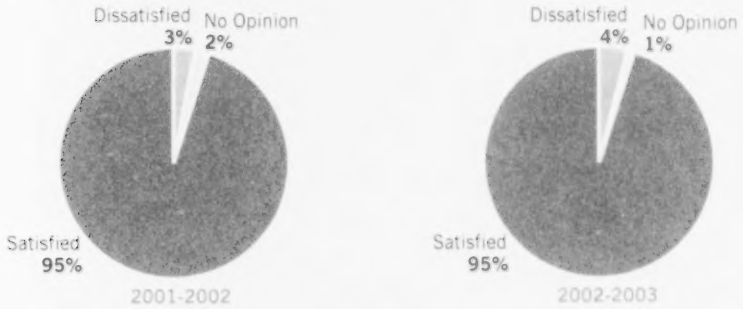
ALBERTA LOTTERY FUND

To calculate overall satisfaction with all the services received from the Commission, the results were weighted so that the number of respondents in each group (bingos, casinos, raffles and pull-tickets) was proportionate to their representation in the entire client population. Satisfaction ratings represent the total percent of respondents indicating they were "very satisfied", "satisfied", or "somewhat satisfied" with the service.

KEY RESULTS

The four client groups' combined overall satisfaction with the services provided by the Commission is 95%, which is unchanged from 2001-2002.

> Gaming industry client satisfaction with level of service provided by AGLC



Core Business 3

Conduct and manage provincial gaming activities.

The Alberta Gaming and Liquor Commission (AGLC) is responsible for the conduct and management of electronic gaming in Alberta under the authority of the *Criminal Code* (Canada), provincial legislation and policy. The AGLC owns and operates two primary gaming networks in Alberta – the video lottery terminals in licensed premises and slot machines in casino facilities and racing entertainment centres. The AGLC, in partnership with the Western Canada Lottery Corporation (WCLC), also conducts and manages ticket lotteries in the province.

Goal 3.1
Ensure all provincial gaming activities are conducted in accordance with legislation and policy.

Goal 3.2
Ensure the efficiency and effectiveness of gaming operations.

Goal 3.3
Ensure the return to charitable gaming through the introduction of provincial lotteries.

PERFORMANCE MEASURE RESULTS

Core Business 3 has three performance measures. These measures, the targets and results are discussed here.

PERFORMANCE MEASURE 1

	2001-2002		2002-2003	
	Target	**Result**	**Target**	**Result**
Retailer satisfaction with AGLC services related to VLTs, slot machines and ticket lotteries.	80%	98%	90%	98%

ABOUT THE RESULTS

In this performance measure, service refers to Hotline and field repair services for video lottery terminals and ticket lottery terminals, and field repair services for slot machines.

Research Innovations Inc. was commissioned to survey video lottery terminal retailers, lottery ticket retailers and casino operators/slot machine retailers. In January 2003, telephone interviews were conducted with: 292 of the 1,224 video lottery terminal retailers; 332 of 2,101 lottery ticket retailers; and 17 of 18 casino operators/slot machine retailers. The margin of error was no more than +/- 5% with a confidence level of 95%.

A random and representative sample of the client groups was interviewed.

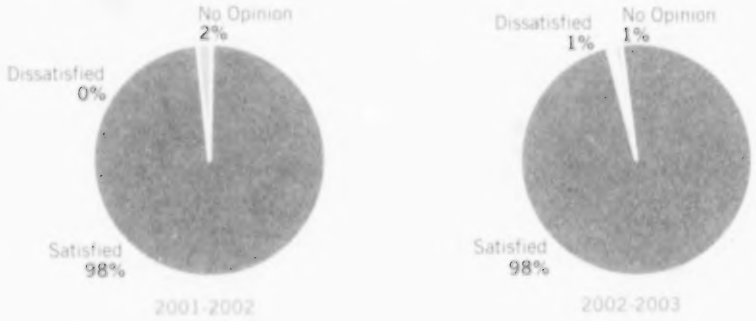
Retailers were asked to rate their satisfaction with various aspects of the Hotline services and field repair services they received from the Commission over the past 12 months. Clients were asked to base their level of satisfaction on six choices: "very satisfied", "satisfied", "somewhat satisfied", "somewhat dissatisfied", "dissatisfied", or "very dissatisfied". Satisfaction ratings represent the total percent of respondents indicating they were "very satisfied", "satisfied", or "somewhat satisfied" with the service.

To calculate overall satisfaction with all services received from the Commission, the data was weighted so that the number of clients in each group was proportionate to their representation in the entire client population.

KEY RESULTS

The three client groups' overall satisfaction with the services provided by the Commission is 98%. This is the same level of satisfaction found in 2001-2002.

> Retailer satisfaction with AGLC services related to VLTs, slot machines and ticket lotteries



SUPPLEMENTAL INFORMATION

Video lottery terminal operators rated their satisfaction with Hotline services based on the level of courtesy at 100% (an increase of 1% from last year); knowledge shown by Hotline operators at 99% (increase of 1% from last year); and speed at which calls were answered at 96% (decrease of 1% from last year). Satisfaction was rated for field repair services based on level of courtesy at 99% (increase of 1% from last year); quality of technicians' repairs at 97% (increase of 3% from last year); and response time at 93% (increase of 5% from last year).

Lottery ticket retailers rated their satisfaction with Hotline services based on the level of courtesy at 97% (decrease of 2% from last year); knowledge shown by Hotline operators at 98% (remained the same); and speed at which calls were answered at 95% (increase of 1%). Satisfaction was rated for field repair services based on level of courtesy at 95% and quality of technicians' repairs at 94% which remained the same as last year, while satisfaction with response time was rated at 92% (decrease of 3%).

Casino and slot machine operators rated their satisfaction with field repair services based on level of courtesy at 100% and quality of technicians' repairs at 100%, both remain unchanged from last year.

PERFORMANCE MEASURE 2

	2001-2002		2002-2003	
	Target	Result	Target	Result
On-line availability of central operating systems for VLTs and slot machines.	99.0%	99.99%	99.2%	99.98%

ABOUT THE RESULTS

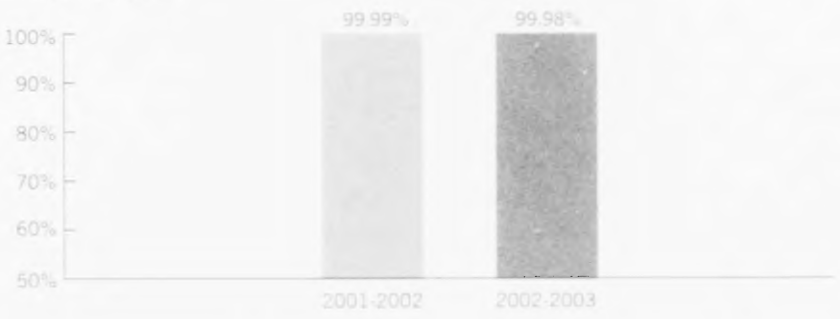
The Commission strives to ensure gaming activities are conducted in a responsible way while providing financial returns to benefit charitable, non-profit, public and community-based initiatives throughout Alberta.

All electronic gaming activities are monitored and controlled through central computerized systems operated by the Commission. The VLT central system and the slot central system are separate computer systems that automate the security and accounting for the video lottery terminals and slot machines throughout the province. Availability of these two systems is measured separately. Both systems must be available seven days per week, 17 hours per day (10 a.m. to 3 a.m.). The measure is the combined availability of both central systems over the period.

KEY RESULTS

The slot central system experienced three brief outages due to software problems and one outage after a software upgrade. The VLT central system was affected when the communication line to the AGLC data centre was cut by a construction crew and one brief outage caused by an operator error.

> On-line availability of central operating systems for VLTs and slot machines



PERFORMANCE MEASURE 3

	2001-2002		2002-2003	
	Target	Result	Target	Result
Percentage of gaming integrity issues resolved within established timeframes.	80%	82.2%	85%	97.6%

ABOUT THE RESULTS

Maintaining the integrity and accountability of gaming in Alberta is essential. The AGLC works with stakeholders to ensure games are operated fairly and according to consistently applied rules and procedures.

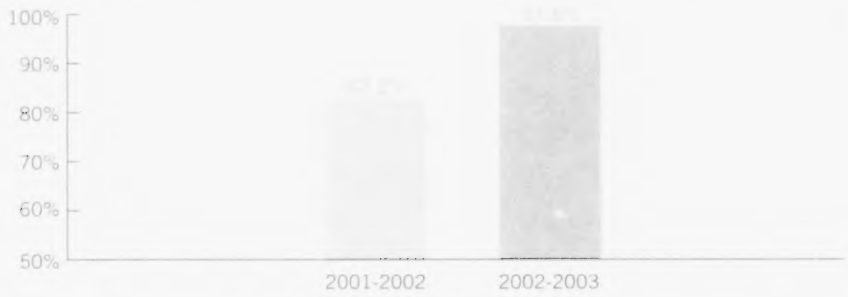
For this performance measure, gaming integrity issues refers to any dispute about the operation of the gaming equipment, any credit dispute involving a player or retailer, or any perceived illegal or unethical behaviour by a retailer, player or Commission employee.

Commission inspectors resolve the majority of gaming integrity issues. Those that cannot be resolved by Inspectors are forwarded to the Commission Response Team which is comprised of representatives from most divisions of the Commission. The timely resolution of these matters is essential and the Response Team's goal is to address and resolve these issues through fair and impartial review within 30 days of receipt.

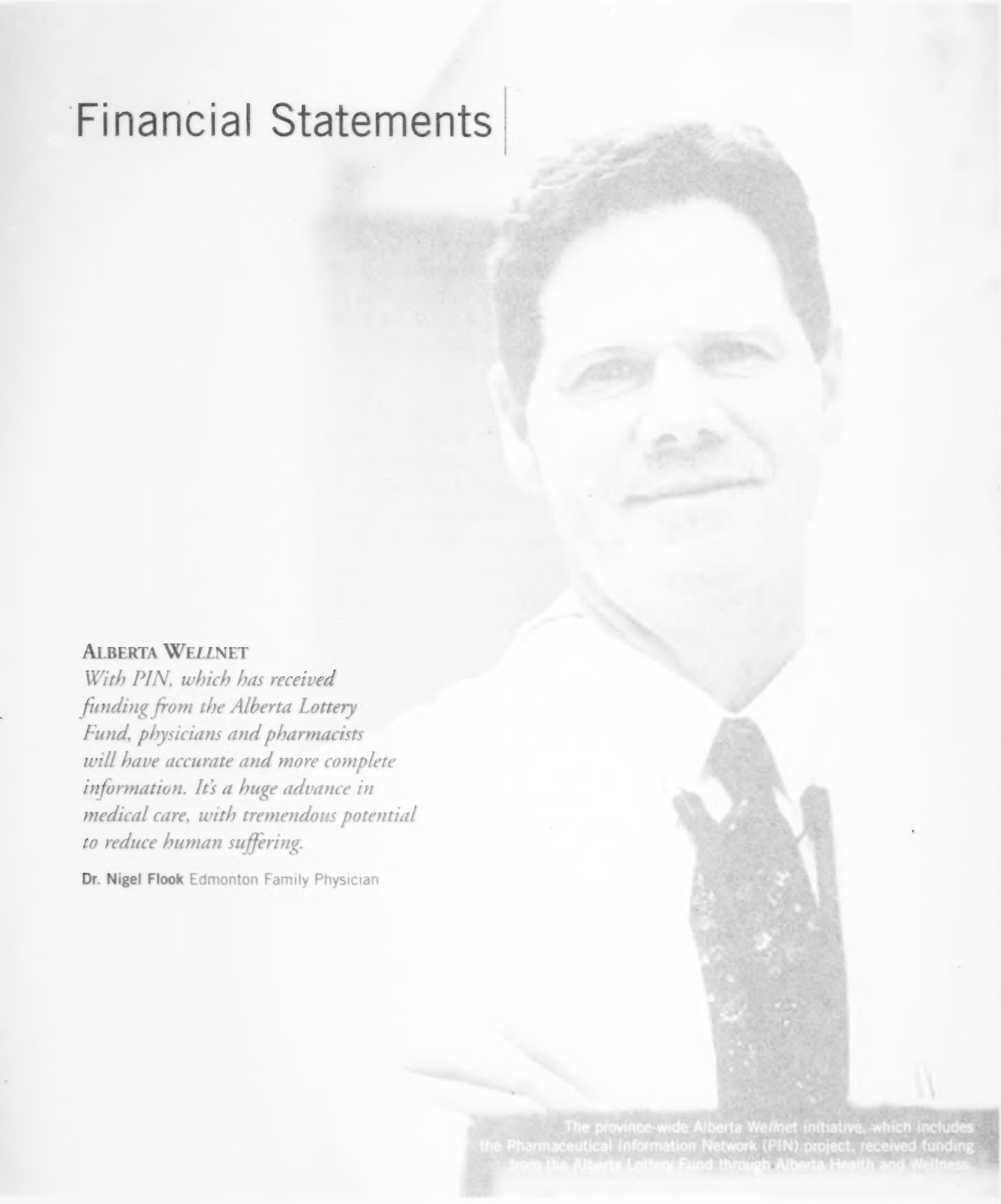
Integrity issues forwarded to the AGLC Response Team are entered into the AGLC Response Team Incident Manager database. When the issue is resolved, the resolution, and the date of the resolution are also entered into the database and the parties are notified. A report generated for this measure is based on a calculation between the date the matter was received by the Response Team and the date the matter was resolved.

KEY RESULTS

In 2002-2003, the Response Team resolved 123 issues and 97.6% of these were resolved within 30 days.



Financial Statements



ALBERTA WELLNET

With PIN, which has received funding from the Alberta Lottery Fund, physicians and pharmacists will have accurate and more complete information. It's a huge advance in medical care, with tremendous potential to reduce human suffering.

Dr. Nigel Flook Edmonton Family Physician

The province-wide Alberta Wellnet initiative, which includes the Pharmaceutical Information Network (PIN) project, received funding from the Alberta Lottery Fund through Alberta Health and Wellness.

ALBERTA LOTTERY FUND

Auditor's Report

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Gaming as at March 31, 2003 and the consolidated statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Dunn, FCA
Auditor General

Edmonton, Alberta
May 23, 2003

Ministry of Gaming
Consolidated Statement of Operations

Year ended March 31, 2003 (thousands of dollars)

	2003 Budget (Note 5 and Schedule 3)	2003 Actual	2002 Actual
Revenues (Note 9 and Schedule 1)			
Net income from Alberta Gaming and Liquor Commission			
Lottery revenue	$ 1,107,206	$ 1,089,666	$ 1,039,868
Liquor revenue	538,178	534,715	489,194
Investment income	6,000	8,592	9,530
Other revenue	–	212	5,198
	1,651,384	1,633,185	1,543,790
Expenses – Directly incurred (Note 2c and Schedule 5)			
Voted (Schedule 2)			
Ministry support services	1,478	1,364	1,510
Gaming research	1,600	1,557	1,551
Lottery funded programs	95,068	120,010	113,849
Lottery Fund payments to other Ministries	1,018,037	976,450	921,013
	1,116,183	1,099,381	1,037,923
Statutory			
Valuation adjustments			
Provision for vacation pay	–	45	51
Total expenses	1,116,183	1,099,426	1,037,974
Net operating results	$ 535,201	$ 533,759	$ 505,816

The accompanying notes and schedules are part of these consolidated financial statements.

ALBERTA LOTTERY FUND

Ministry of Gaming
Consolidated Statement of Financial Position

March 31, 2003 (thousands of dollars)

	2003	2002
Assets		
Cash (Note 3)	$ 86,521	$ 52,637
Accounts receivable and accrued interest	300	304
Equity in Alberta Gaming and Liquor Commission (Note 4)	184,283	166,006
	$ 271,104	$ 218,947
Liabilities		
Accounts payable and accrued liabilities	$ 80,965	$ 39,925
Net assets		
Net assets, beginning of year	179,022	149,123
Net operating results	533,759	505,816
Net transfer to General Revenues	(522,642)	(475,917)
Net assets, end of year	190,139	179,022
	$ 271,104	$ 218,947

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Gaming
Consolidated Statement of Changes in Financial Position

Year ended March 31, 2003 (thousands of dollars)

	2003	2002
Operating transactions		
Net operating results	$ 533,759	$ 505,816
Non-cash items		
Valuation adjustments	45	51
Undistributed profit of Alberta Gaming and Liquor Commission	(18,277)	(44,536)
	515,527	461,331
Decrease (Increase) in accounts receivable	4	(54)
Increase (Decrease) in accounts payable and accrued liabilities before valuation adjustments	40,995	(11,781)
Cash provided by operating transactions	556,526	449,496
Financing transactions		
Net transfer to General Revenues	(522,642)	(475,917)
Net cash provided (used)	33,884	(26,421)
Cash, beginning of year	52,637	79,058
Cash, end of year	$ 86,521	$ 52,637

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Gaming
Notes to the Consolidated Financial Statements

March 31, 2003

NOTE 1 AUTHORITY AND PURPOSE

The Minister of Gaming (Minister) has, by the *Government Organization Act* and its regulations, been designated responsible for various Acts. To fulfill these responsibilities, the Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also listed in Note 2(a). Together these organizations form the Ministry of Gaming (Ministry).

The purpose of the Ministry is to administer the Alberta Lottery Fund; to license, regulate and monitor liquor and gaming activities, as well as certain aspects of tobacco sales; to develop and communicate provincial gaming and liquor policy; and to administer certain lottery-funded programs.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate. These consolidated financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries.

(A) REPORTING ENTITY

The reporting entity is the Ministry of Gaming. The *Government Accountability Act* defines a Ministry as including the Department and any Provincial agency and Crown-controlled organization for which the Minister is responsible. These consolidated financial statements include the accounts of the Department of Gaming *(Government Organization Act)*, the Lottery Fund *(Gaming and Liquor Act)*, and the Alberta Gaming and Liquor Commission *(Gaming and Liquor Act)*.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

(A) REPORTING ENTITY (CONTINUED)

All departments of the Government of Alberta operate within the General Revenue Fund (GRF). The GRF is administered by the Minister of Finance. All cash receipts of departments are deposited into the GRF and all cash disbursements made by departments are paid from the GRF. Net transfer to General Revenues is the difference between all cash receipts and all cash disbursements made.

(B) BASIS OF CONSOLIDATION

The accounts of the Department and the Lottery Fund have been consolidated. Revenue and expense transactions, investing and financing transactions, and related asset and liability accounts between the consolidated organizations are eliminated upon consolidation.

The accounts of the Alberta Gaming and Liquor Commission, which is designated as a commercial enterprise, are reported on the modified equity basis, the equity being computed in accordance with Canadian generally accepted accounting principles.

(C) BASIS OF FINANCIAL REPORTING

Revenues

All revenues are reported on the accrual method of accounting.

Expenses

Grants provided through the Lottery Funded Programs are recognized as an expense when the eligibility criteria for the grant program have been met and the application has been approved by the Minister or his designate.

Directly incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

(C) BASIS OF FINANCIAL REPORTING (CONTINUED)

Expenses (continued)

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- pension costs, which comprise the cost of employer contributions for current service of employees during the year; and
- valuation adjustments, which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 5.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

Net assets

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

(C) BASIS OF FINANCIAL REPORTING (CONTINUED)

Valuation of financial assets and liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable and accrued interest, and accounts payable and accrued liabilities are estimated to approximate their carrying values.

NOTE 3 CASH

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is being managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of five years. Interest is earned on the Ministry's daily cash balance at the average rate of CCITF earnings, which vary depending on prevailing market interest rates. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 4 EQUITY IN ALBERTA GAMING AND LIQUOR COMMISSION (AGLC)

(thousands of dollars)	2003	2002
Equity in AGLC, beginning of year	$ 166,006	$ 121,470
Total revenues	18,341,827	17,060,251
Total expenses	(16,717,446)	(15,448,039)
Net transfer and other adjustments	(1,606,104)	(1,567,676)
Equity in AGLC, end of year	$ 184,283	$ 166,006

Ministry of Gaming
Notes to the Consolidated Financial Statements

March 31, 2003

NOTE 5 BUDGET

The budget amounts, shown on the Statement of Operations, agree with the 2002-2003 amounts for the Ministry of Gaming included in the Government and Lottery Fund Estimates that were approved under the *Appropriation Act* on May 14, 2002, with the following exception.

Pursuant to amendments to the *Gaming and Liquor Act* proclaimed June 25, 2002, both the budgeted revenue and expenses have been reduced by $117,714,000.

NOTE 6 COMMITMENTS

As at March 31, 2003, the Ministry has commitments for leased properties ranging from one to twenty nine years term. Most of these properties have been subleased to third parties. The Ministry remains liable for the leases should the sublessors default on their obligations to the Ministry. The aggregate amounts payable for the unexpired terms of these leases are as follows:

	(thousands of dollars)
2003-2004	$ 1,772
2004-2005	1,519
2005-2006	1,457
2006-2007	1,275
2007-2008	1,137
Balance to expiry	5,601
	$ 12,761

Estimated future revenues to be derived from subleases amount to $7.5 million at March 31, 2003. Provision for loss has been made where the payments to be received on the subleases are less than the lease payments to be made.

NOTE 7 CONTINGENCIES

At March 31, 2003, the Ministry is a defendant in 11 legal claims (2002 – nine legal claims). Nine of these claims have a specified amount totaling $144 million and the remaining two have not specified any amount (2002 – six claims with a specified amount of $130 million and three with no specified amount). Included in this total are six claims amounting to $108 million and one with no specified amount, in which the Ministry has been jointly named with other entities. The resulting loss, if any, from these claims cannot be determined.

NOTE 8 DEFINED BENEFIT PLANS

(thousands of dollars)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $ 1,440 for the year ended March 31, 2003 (2002 $1,152). In addition, the Ministry contributes to the Western Canada Lottery Corporation (WCLC) Pension Plan. The Ministry's portion of the WCLC pension expense is $303 for the year ended March 31, 2003 (2002 $232).

At December 31, 2002, the Management Employees Pension Plan reported a deficiency of $301,968 (2001 – surplus of $5,338) and the Public Service Pension Plan reported an actuarial deficiency of $175,528 (2001 – actuarial surplus of $320,487). At December 31, 2002, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of $6,472 (2000 – actuarial deficiency of $399). The Ministry's portion of the WCLC deficiency as at March 31, 2003 is $520 (2002 – deficiency of $23).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2003, the Bargaining Unit Plan reported an actuarial deficiency of $14,434 (2002 – actuarial deficiency of $8,646) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $3,053 (2002 – actuarial deficiency of $2,656). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 9 COMPARATIVE FIGURES

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

NOTE 10 APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister of Gaming.

SCHEDULE 1

Ministry of Gaming
Revenues

Year ended March 31, 2003 (thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
	(Note 5)		
Net income from commercial operations			
Lottery			
Video lottery terminal revenue	$ 624,000	$ 594,456	$ 617,006
Casino gaming terminal revenue	411,398	405,165	322,392
Ticket lottery revenue	169,700	174,696	165,681
	1,205,098	1,174,317	1,105,079
Cost of operations	(97,892)	(84,651)	(65,211)
	1,107,206	1,089,666	1,039,868
Liquor			
Liquor and related revenue	558,000	548,596	507,133
Cost of operations	(19,822)	(13,881)	(17,939)
	538,178	534,715	489,194
	1,645,384	1,624,381	1,529,062
Investment income			
Lottery Fund interest revenue	6,000	8,592	9,530
Other revenue			
Various	–	–	5,000
Refunds of grants and other expenses	–	212	198
Total revenues	$ 1,651,384	$ 1,633,185	$ 1,543,790

Ministry of Gaming
Expenses Directly Incurred - Detailed by Object

Year ended March 31, 2003 (thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
Voted expenses			
Salaries, wages and employee benefits	$ 2,251	$ 2,149	$ 1,737
Supplies and services	2,255	2,132	2,155
Supplies and services from Support Service Arrangements with Related Parties[1]	–	63	482
Grants	1,111,617	1,094,984	1,033,476
Financial transactions and other	60	53	73
Total expenses	$ 1,116,183	$ 1,099,381	$ 1,037,923
Statutory			
Valuation adjustments			
Provision for vacation pay	–	45	51
	$ 1,116,183	$ 1,099,426	$ 1,037,974

[1] The Department received financial and administrative services from the Department of Community Development.

ALBERTA LOTTERY FUND

SCHEDULE 3

Ministry of Gaming
Budget

Year ended March 31, 2003 (thousands of dollars)

	2002-2003		
	Estimates	Adjustment (Note 5)	Authorized Budget
Revenues			
Net income from Alberta Gaming and Liquor Commission			
Video lottery terminal revenue	$ 624,000	$ –	$ 624,000
Casino gaming terminal revenue	411,398	–	411,398
Ticket lottery revenue	169,700	–	169,700
Lottery operations	–	(97,892)	(97,892)
Liquor and related revenue	558,000	–	558,000
Liquor operations	–	(19,822)	(19,822)
Investment income			
Lottery Fund interest revenue	6,000	–	6,000
	1,769,098	(117,714)	1,651,384
Expenses			
Voted expenses			
Ministry support services	1,478	–	1,478
Gaming research	1,600	–	1,600
Lottery funded programs	95,068	–	95,068
Assistance to Alberta Gaming and Liquor Commission	117,714	(117,714)	–
Lottery Fund payments to other Ministries	1,018,037	–	1,018,037
	1,233,897	(117,714)	1,116,183
Net operating results	$ 535,201	$ –	$ 535,201
Capital investment	$ –	$ –	$ –

Ministry of Gaming
Related Party Transactions

Year ended March 31, 2003 (thousands of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded in the financial statements at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2003	2002
Expenses – Directly incurred		
Grants	$ **976,450**	$ 921,013
Other services	**148**	155
	$ **976,598**	$ 921,168
Payable to Alberta Finance	$ **72,243**	$ 28,376

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 5.

	Other Entities	
	2003	2002
Expenses – Incurred by others		
Legal	$ **9**	$ 38

SCHEDULE 5

Ministry of Gaming
Allocated Costs

Year ended March 31, 2003 (thousands of dollars)

	2003				2002
		Expenses -Incurred by Others	Valuation Adjustments		
Program	Expenses[1]	Legal Services	Vacation Pay	Total Expenses	Total Expenses
Ministry support services	$ 1,364	$ 7	$ 28	$ 1,399	$ 1,579
Gaming research	1,557	–	–	1,557	1,551
Lottery-funded programs	120,010	2	17	120,029	113,869
Lottery Fund payments to other Ministries	976,450	–	–	976,450	921,013
	$1,099,381	$ 9	$ 45	$1,099,435	$1,038,012

[1] Expenses – Directly Incurred as per Consolidated Statement of Operations before valuation adjustments.

Auditor's Report

AUDITOR GENERAL Alberta

To the Minister of Gaming

I have audited the statement of financial position of the Department of Gaming as at March 31, 2003 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Dunn, FCA
Auditor General

Edmonton, Alberta
May 23, 2003

ALBERTA LOTTERY FUND

Department of Gaming
Statement of Operations

Year ended March 31, 2003 (thousands of dollars)

	2003 Budget (Note 4)	2003 Actual	2002 Actual
Revenues (Schedule 1)			
Internal government transfers	$ 751,061	$ 656,690	$ 700,752
Other revenue	–	45	5,175
	751,061	656,735	705,927
Expenses - Directly incurred (Note 2b and Schedule 6)			
Voted expenses (Schedules 2 and 3)			
Ministry support services	1,478	1,364	1,510
Gaming research	1,600	1,557	1,551
Lottery-funded programs	95,068	120,010	113,849
Assistance to Alberta Gaming and Liquor Commission	117,714	–	83,150
	215,860	122,931	200,060
Statutory (Schedules 2 and 3)			
Valuation adjustments			
Provision for vacation pay	–	45	51
Total expenses	215,860	122,976	200,111
Net operating results	$ 535,201	$ 533,759	$ 505,816

The accompanying notes and schedules are part of these financial statements.

Department of Gaming
Statement of Financial Position

March 31, 2003 (thousands of dollars)

	2003	2002
Assets		
Cash	$ 56	$ –
Due from Alberta Gaming and Liquor Commission (Note 3)	146,046	137,813
	$ 146,102	$ 137,813
Liabilities		
Accounts payable and accrued liabilities	$ 8,738	$ 11,566
Net assets		
Net assets, beginning of year	126,247	96,348
Net operating results	533,759	505,816
Net transfer to General Revenues	(522,642)	(475,917)
Net assets, end of year	137,364	126,247
	$ 146,102	$ 137,813

The accompanying notes and schedules are part of these financial statements.

ALBERTA LOTTERY FUND

Department of Gaming
Statement of Changes in Financial Position

Year ended March 31, 2003 (thousands of dollars)

	2003	2002
Operating transactions		
Net operating results	$ 533,759	$ 505,816
Non-cash items:		
Valuation adjustments	45	51
	533,804	505,867
Increase in accounts receivable	(8,233)	(42,101)
(Decrease) Increase in accounts payable and accrued liabilities before valuation adjustments	(2,873)	7,951
Cash provided by operating transactions	522,698	471,717
Financing transactions		
Net transfer to General Revenues	(522,642)	(475,917)
Net cash provided (used)	56	(4,200)
Cash, beginning of year	–	4,200
Cash, end of year	$ 56	$ 0

The accompanying notes and schedules are part of these financial statements.

Department of Gaming
Notes to the Financial Statements

March 31, 2003

NOTE 1 AUTHORITY AND PURPOSE

The Department of Gaming (Department) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The purpose of the Department is to develop and communicate provincial gaming and liquor policy and to administer certain lottery-funded programs.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(A) REPORTING ENTITY

The reporting entity is the Department of Gaming, which is part of the Ministry of Gaming (Ministry) and for which the Minister of Gaming (Minister) is accountable. Other entities reporting to the Minister are the Alberta Gaming and Liquor Commission and the Lottery Fund. The activities of these organizations are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (GRF). The GRF is administered by the Minister of Finance. All cash receipts of departments are deposited into the GRF and all cash disbursements made by departments are paid from the GRF. Net transfer to/from General Revenues is the difference between all cash receipts and all cash disbursements made.

ALBERTA LOTTERY FUND

Department of Gaming
Notes to the Financial Statements

March 31, 2003

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

(B) BASIS OF FINANCIAL REPORTING

Revenues

All revenues are reported on the accrual method of accounting.

Internal government transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Grants provided through the Lottery Funded Programs are recognized as an expense when the eligibility criteria for the grant program have been met and the application has been approved by the Minister or his designate.

Directly incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses include:

- pension costs which comprise the cost of employer contributions for current service of employees during the year; and
- valuation adjustments which include changes in valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by others

Services contributed by other entities in support of the Department operations are disclosed in Schedule 6.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

(B) BASIS OF FINANCIAL REPORTING (CONTINUED)

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Liabilities

Liabilities represent all financial claims payable by the Department at fiscal year end.

Net assets

Net assets represent the difference between the carrying value of assets held by the Department and its liabilities.

Valuation of financial assets and liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values.

NOTE 3 DUE FROM ALBERTA GAMING AND LIQUOR COMMISSION

Amounts due from the Alberta Gaming and Liquor Commission are unsecured and non-interest bearing. The full amount of the receivable is considered collectible.

NOTE 4 BUDGET

The budget amounts, shown on the Statement of Operations, agree with the 2002-2003 amounts for the Department of Gaming included in the Government and Lottery Fund Estimates that were approved under the *Appropriation Act* on May 14, 2002.

Amendments to the *Gaming and Liquor Act*, proclaimed June 25, 2002, eliminated the need for the Department to provide $117.7 million of financial assistance to the Alberta Gaming and Liquor Commission (AGLC) in 2002-2003.

On June 24, 2002, Cabinet approved the $30 million Community Initiatives Program. Funding for this new program was provided by a portion of the unused funding for the AGLC.

Department of Gaming
Notes to the Financial Statements
March 31, 2003

NOTE 5 CONTINGENCIES

As at March 31, 2003, the Department is a defendant in four legal claims (2002 – four legal claims). Three of these claims have specified amounts totalling $125 million and the remaining claim has no specified amount (2002 – three claims with specific amounts totaling $125 million and one claim with no specified amount). The resulting loss, if any, from these claims cannot be determined.

NOTE 6 DEFINED BENEFIT PLANS

(thousands of dollars)

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $136 for the year ended March 31, 2003 (2002 $113).

At December 31, 2002 the Management Employees Pension Plan reported a deficiency of $301,968 (2001 – surplus of $5,388) and the Public Service Pension Plan reported an actuarial deficiency of $175,528 (2001 – surplus of $320,487). At December 31, 2002, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of $6,472 (2001 – deficiency of $399).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2003 the Bargaining Unit Plan reported an actuarial deficiency of $14,434 (2002 - actuarial deficiency of $8,646) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $3,053 (2002 - actuarial deficiency of $2,656). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 7 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Department of Gaming
Revenues

Year ended March 31, 2003 (thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
Internal government transfers			
Transfer from Alberta Gaming and Liquor Commission	$ 558,000	$ 534,715	$ 507,133
Transfer from Lottery Fund	193,061	121,975	193,619
	751,061	656,690	700,752
Other revenue			
Other	–	–	5,000
Refunds of expenses	–	45	175
	–	45	5,175
Total revenues	$ 751,061	$ 656,735	$ 705,927

SCHEDULE 2

Department of Gaming
Expenses Directly Incurred - Detailed by Object

Year ended March 31, 2003 (thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
Voted expenses			
Salaries, wages and employee benefits	$ 2,251	$ 2,149	$ 1,737
Supplies and services	2,255	2,132	2,155
Supplies and services from Support Service Arrangements with Related Parties[a]	–	63	482
Grants	211,294	118,534	195,613
Financial transactions and other	60	53	73
Total voted expenses	$ 215,860	$ 122,931	$ 200,060
Statutory			
Valuation adjustments			
Provision for vacation pay	–	45	51
	$ 215,860	$ 122,976	$ 200,111

[a] The Department received financial and administrative services from the Department of Community Development.

Department of Gaming
Comparison of Expenses Directly Incurred by Element to Authorized Budget

Year ended March 31, 2003 (thousands of dollars)

		Budget	Authorized Supplementary	Authorized Budget	Actual Expense[1]	Unexpended (Over Expended)
	Voted Expenses					
1	Ministry Support Services					
1.0.1	Minister's Office	$ 301	$ –	$ 301	$ 299	$ 2
1.0.2	Deputy Minister's Office	303	–	303	299	4
1.0.3	Business Management and Policy	677	–	677	594	83
1.0.4	Communications	197	–	197	172	25
		1,478	–	1,478	1,364	114
2	Gaming Research					
2.0.1	Gaming Research Institute					
	- operating expense funded by lotteries	1,500	–	1,500	1,500	–
2.0.2	Gaming Research Council					
	- operating expense funded by lotteries	100	–	100	57	43
		1,600	–	1,600	1,557	43
3	Lottery Programs					
3.0.1	Lottery Program Administration	1,499	–	1,499	1,477	22
3.0.2	Community Facility Enhancement Program					
	- operating expense funded by lotteries	25,000	–	25,000	24,999	1
3.0.3	Edmonton Northlands					
	- operating expense funded by lotteries	7,100	–	7,100	7,100	–
3.0.4	Calgary Exhibition and Stampede					
	- operating expense funded by lotteries	7,100	–	7,100	7,100	–
3.0.5	Major Exhibitions and Fairs					
	- operating expense funded by lotteries	2,660	–	2,660	2,660	–
3.0.6	Racing Industry Renewal					
	- operating expense funded by lotteries	33,000	–	33,000	33,000	–
3.0.7	Edmonton Oilers Ticket Lottery					
	- operating expense funded by lotteries	2,700	–	2,700	1,847	853
3.0.8	Calgary Flames Ticket Lottery					
	- operating expense funded by lotteries	2,700	–	2,700	1,847	853
3.0.9	Bingo Associations					
	- operating expense funded by lotteries	3,193	–	3,193	–	3,193
3.0.10	Other Initiatives					
	- operating expense funded by lotteries	10,116	–	10,116	9,980	136
3.0.11	Community Initiatives Program					
	- operating expense funded by lotteries[2]	–	–	–	30,000	(30,000)
		95,068	–	95,068	120,010	(24,942)
4	Financial Assistance to Alberta Gaming and Liquor Commission (AGLC)					
4.0.1	Financial Assistance to AGLC[2]					
	Liquor operations	19,822	–	19,822	–	19,822
	Lottery operations					
	- operating expense funded by lotteries	97,892	–	97,892	–	97,892
		117,714	–	117,714	–	117,714
	Total voted expenses	$ 215,860	$ –	$ 215,860	$ 122,931	$ 92,929
	Program operating expense	$ 22,799	–	$ 22,799	$ 2,841	$ 19,958
	Program operating expense funded by lotteries	193,061	–	193,061	120,090	72,971
		215,860	–	215,860	122,931	92,929
	Program capital investment	–	–	–	–	–
	Program capital investment funded by lotteries	–	–	–	–	–
		–	–	–	–	–
	Total voted expenses	$ 215,860	$ –	$ 215,860	$ 122,931	$ 92,929
	Statutory Expenses					
	Valuation adjustments	$ –	$ –	$ –	$ 45	$ (45)

[1] Includes achievement bonus amounting to $111

[2] See Note 4

Department of Gaming
Salary and Benefits Disclosure

Year ended March 31, 2003 (thousands of dollars)

	2003			2002
	Salary[1]	Benefits and Allowances[2]	Total	Total
Senior Official				
Deputy Minister[3]	$ 176,283	$ 24,889	$ 201,172	$ 185,876
Executives				
Assistant Deputy Minister[4]	125,294	28,633	153,927	95,118
Director – Business Management and Policy[5]	121,450	17,643	139,093	102,194
Director – Lottery Funded Programs	83,036	14,954	97,990	90,613
Manager – Business Planning[6]	76,280	11,855	88,135	56,220

Prepared in accordance with Treasury Board Directive 12/98.

Total salary and benefits relating to a position are disclosed.

[1] Salary includes regular base pay, bonuses, overtime and lump sum payments.

[2] Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.

[3] The incumbent's services are shared with the Alberta Gaming and Liquor Commission which contributes its own share of cost of salary and benefits. Full salary and benefits are disclosed on this schedule and the Alberta Gaming and Liquor Commission reflects its contribution to the cost in its financial statements. Automobile provided, no dollar amount included in benefits and allowance figures.

[4] Position created on August 1, 2001.

[5] The Manager - Business Planning position was created on August 1, 2001 and merged with the Director - Business Management and Policy position on March 1, 2003.

Department of Gaming
Related Party Transactions

Year ended March 31, 2003 (thousands of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been exclude from this schedule.

The Department had the following transactions with related parties recorded in the financial statements at the amount of consideration agreed upon between related parties:

	Entities in the Ministry		Other Entities	
	2003	2002	**2003**	2002
Revenues				
Internal government transfers	$ **656,690**	$ 700,752	$ –	$ –
Expenses – Directly incurred				
Grants	$ –	$ 83,150	$ –	$ –
Other services	–	–	**148**	155
	$ –	$ 83,150	$ **148**	$ 155
Receivable from	$ **146,046**	$ 137,813	$ –	$ –

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 6.

	Entities in the Ministry		Other Entities	
	2003	2002	**2003**	2002
Expenses – Incurred by others				
Accommodation	$ 101	$ 111	$ –	$ –
Other services	–	–	9	38
	$ 101	$ 111	$ 9	$ 38

ALBERTA LOTTERY FUND

Department of Gaming
Allocated Costs

Year ended March 31, 2003 (thousands of dollars)

	2003					2002
		Expenses-Incurred by Others		Valuation Adjustments		
Program	Expenses[1]	Accomodation	Legal Services	Vacation Pay	Total Expenses	Total Expenses
Ministry Support Services	$ 1,364	$ 60	$ 7	$ 28	$ 1,459	$ 1,625
Gaming Research	1,557	–	–	–	1,557	1,551
Lottery Funded Programs	120,010	41	2	17	120,070	113,934
Assistance to Alberta Gaming and Liquor Commision	–	–	–	–	–	83,150
	$122,931	$ 101	$ 9	$ 45	$123,086	$200,260

[1] Expenses – Directly incurred as per Statement of Operations before valuation adjustments.

Auditor's Report

AUDITOR GENERAL *Alberta*

To the Members of the Alberta Gaming and Liquor Commission

I have audited the balance sheet of the Alberta Gaming and Liquor Commission as at March 31, 2003 and the statements of operations and cash flow for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Dunn, FCA
Auditor General

Edmonton, Alberta
May 23, 2003

ALBERTA LOTTERY FUND

Alberta Gaming and Liquor Commission
Balance Sheet

March 31, 2003 (thousands of dollars)

	2003	2002
Assets		
Current Assets		
Cash (Note 3)	$ 119,419	$ 143,873
Accounts receivable	37,742	28,974
Prepaid expenses and inventories (Note 4)	8,070	6,225
	165,231	179,072
Property, Plant and Equipment (Note 5)	95,133	69,647
	$ 260,364	$ 248,719
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 71,214	$ 77,422
Due to the Alberta Lottery Fund (Note 7)	38,537	28,497
	109,751	105,919
Due to General Revenues (Note 8)	145,746	137,509
Provision for Loss on Leased Properties (Note 13)	4,867	5,291
	$ 260,364	$ 248,719

The accompanying notes are part of these financial statements.

APPROVED BY MANAGEMENT:

Norman C. Peterson, CA
Chairman and Chief Executive Officer

H. Ronald Crosby, CA
Executive Director,
Finance and Administration

Alberta Gaming and Liquor Commission
Statement of Operations

Year ended March 31, 2003 (thousands of dollars)

	2003				2002
	Budget	Actual			Actual
	(Note 9)	Provincial Lotteries	Liquor and Other	Total	
Revenue					
Video lottery terminals	$	$ 8,711,686	$ –	$ 8,711,686	$9,031,379
Casino gaming and electronic racing terminals		7,756,712	–	7,756,712	6,144,390
Liquor		–	1,416,772	1,416,772	1,379,629
Ticket lottery		442,609	–	442,609	407,124
		16,911,007	1,416,772	18,327,779	16,962,522
Prizes and Cost of Product					
Video lottery terminals		8,000,083	–	8,000,083	8,294,676
Casino gaming and electronic racing terminals		7,176,122	–	7,176,122	5,676,480
Liquor		–	882,224	882,224	887,075
Ticket lottery		227,737	–	227,737	204,763
		15,403,942	882,224	16,286,166	15,062,994
Gross Profit	1,750,098	1,507,065	534,548	2,041,613	1,899,528
Commission and Federal Payments (Note 10)	–	(332,748)	–	(332,748)	(301,895)
Other Income (Note 11)	13,000	–	14,048	14,048	14,579
Operating Grants (Note 9)	117,714	–	–	–	83,150
Operating Expenses (Note 12)	(117,714)	(84,651)	(13,881)	(98,532)	(83,150)
Net Operating Results	$ 1,763,098	$ 1,089,666	$ 534,715	$ 1,624,381	$1,612,212

ALBERTA LOTTERY FUND

Alberta Gaming and Liquor Commission
Statement of Cash Flow

March 31, 2003 (thousands of dollars)

	2003	2002
Cash from operations		
Net operating results for the year	$ 1,624,381	$ 1,612,212
Decrease in provision for loss on leased properties	(424)	(608)
Amortization	20,090	20,733
(Gain) loss on disposal of property, plant and equipment	(1,105)	32
Change in Due to General Revenues from operating grant	(5,478)	2,914
Net change in non-cash working capital balances	(16,821)	15,990
	1,620,643	1,651,273
Remittances to the Alberta Lottery Fund	(1,079,626)	(1,102,590)
Remittances to General Revenues	(521,000)	(468,000)
	20,017	80,683
Cash used for investment		
Purchase of property, plant and equipment	(45,585)	(11,385)
Proceeds on disposal of property, plant and equipment	1,114	5
	(44,471)	(11,380)
Increase (decrease) in cash	(24,454)	69,303
Cash, beginning of year	143,873	74,570
Cash, end of year	$ 119,419	$ 143,873

Alberta Gaming and Liquor Commission
Notes to the Financial Statements

March 31, 2003

NOTE 1 AUTHORITY AND PURPOSE

The Alberta Gaming and Liquor Commission (the Commission) operates under the authority of the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000.

The Commission conducts and manages provincial lotteries, carries out functions respecting gaming under the *Criminal Code of Canada*, and controls, in accordance with legislation, the manufacture, importation, sale and purchase of liquor for the Government of Alberta.

Amendments to the *Gaming and Liquor Act*, proclaimed June 25, 2002, allow the Commission to deduct operating expenses from the remittances to the Alberta Lottery Fund and General Revenues. The net proceeds, after the deduction of related operating expenses, arising from the conduct of authorized ticket lottery, video lottery and casino gaming terminal operations in Alberta are remittable to the Alberta Lottery Fund. The net proceeds, after the deduction of related operating expenses, of liquor operations and other income are remittable to General Revenues.

The Commission is a Crown agent of the Government of Alberta and as such has a tax-exempt status.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles applied on a consistent basis. The preparation of financial statements for a period necessarily involves the use of estimates. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Joint Venture

Alberta's share of the operations of the Western Canada Lottery Corporation is accounted for as a joint venture using the proportionate consolidation method.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

Inventories

Supplies inventories are valued at weighted average cost which is not in excess of net replacement value.

Inventory held on behalf of liquor suppliers or agents, and related duties and taxes, are not recorded in the financial statements.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Amortization is calculated on the straight-line method at annual rates which will reduce the original cost to estimated residual value over the useful lives of the assets, as follows:

Buildings and leasehold improvements	2.5% or 10% (or lease term)
Gaming systems and equipment	10% or 33 1/3%
Video lottery and casino gaming terminals	14.3%
Furniture and equipment	10% or 20%
Retailer fixtures and signage	20%
Computer software	33 1/3%
Vehicles	20% or 33 1/3%

Property, plant and equipment are not amortized until the assets are put into use.

Pensions

The Commission participates in multi-employer pension plans with related government entities. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service related to prior years.

Revenue and expense recognition

Revenue from video lottery terminals, casino gaming terminals and electronic racing terminals is recognized at the time that play has been completed and all machine credits have been played or converted to cash. Prizes, commissions and federal payments related to video lottery terminals, casino gaming terminals and electronic racing terminals are recognized on the same basis as the related revenues.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

Revenue and expense recognition (continued)

On-line ticket lottery revenues are recognized at the date of the draw with instant ticket revenues being recognized at the date of sale to retail. Prizes, commissions and federal payments relating to ticket revenues are recognized on the same basis as the related revenues.

Revenue from the sale of liquor is recognized when goods are shipped and title has passed to the customer. Revenue received in advance of shipment is deferred and recognized when goods are shipped and title has passed to the customer. Cost of product sold for liquor is recognized on the same basis as the related revenues.

Allocation of operating expenses

Operating expenses are allocated against provincial lottery revenue or liquor and other revenue, based on the nature of the expense.

NOTE 3 CASH

Cash consists of bank deposits and deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term securities. The CCITF earns interest on its daily cash balance at the average rate of interest earned by the CCITF, which varies depending on prevailing market interest rates. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 4 PREPAID EXPENSES AND INVENTORIES

(thousands of dollars)	2003	2002
Prepaid expenses	$ 4,221	$ 1,938
Gaming parts	3,338	3,806
Supplies	511	481
	$ 8,070	$ 6,225

Alberta Gaming and Liquor Commission
Notes to the Financial Statements
March 31, 2003

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

(thousands of dollars)	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 4,113	$ –	$ 4,113	$ 4,113
Buildings and leasehold improvements	50,756	38,828	11,928	12,109
Gaming systems and equipment	53,492	37,416	16,076	12,069
Casino gaming terminals	84,015	33,533	50,482	35,534
Video lottery terminals	47,164	46,033	1,131	3,000
Furniture and equipment	31,222	24,412	6,810	1,148
Retailer fixtures and signage	7,578	6,937	641	703
Computer software	7,002	3,871	3,131	365
Vehicles	2,245	1,424	821	606
	$ 287,587	$ 192,454	$ 95,133	$ 69,647

NOTE 6 DEFINED BENEFIT PLANS (thousands of dollars)

The Commission participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Commission also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,304 for the year ended March 31, 2003 (2002 – $1,039). The Commission's portion of the Western Canada Lottery Corporation pension expense is $303 for the year ended March 31, 2003 (2002 – $232).

At December 31, 2002, the Management Employees Pension Plan reported a deficiency of $301,968 (2001 – surplus of $5,338) and the Public Service Pension Plan reported an actuarial deficiency of $175,528 (2001 – surplus of $320,487). At December 31, 2002, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of $6,472 (2001 – deficiency of $399). The Commission's portion of the Western Canada Lottery Corporation deficiency as at March 31, 2003 is $519 (2002 – deficiency of $23).

NOTE 6 DEFINED BENEFIT PLAN (CONTINUED)

The Commission also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2003, the Bargaining Unit Plan reported an actuarial deficiency of $14,434 (2002 - actuarial deficiency of $8,646) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $3,053 (2002 - actuarial deficiency of $2,656). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 7 DUE TO THE ALBERTA LOTTERY FUND

This amount represents the portion of the revenues from lottery operations which has not been remitted to the Alberta Lottery Fund.

(thousands of dollars)	2003	2002
Due to the Alberta Lottery Fund, beginning of year	$ 28,497	$ 26,008
Remittable to the Alberta Lottery Fund	1,089,666	1,105,079
Remittances to the Alberta Lottery Fund	(1,079,626)	(1,102,590)
Due to the Alberta Lottery Fund, end of year	$ 38,537	$ 28,497

NOTE 8 DUE TO GENERAL REVENUES

Due to General Revenues reflects the outstanding balance due to General Revenues from liquor operations and other income, as follows:

(thousands of dollars)	2003	2002
Due to General Revenues, beginning of year	$ 137,509	$ 95,462
Operating grant returned to General Revenues	(5,478)	(2,564)
	132,031	92,898
Net operating results for the year	1,624,381	1,612,212
Remittable to the Alberta Lottery Fund	(1,089,666)	(1,105,079)
Remittances to General Revenues	(521,000)	(468,000)
	13,715	39,133
Due to General Revenues from operating grant funds, end of year	–	5,478
Due to General Revenues, end of year	$ 145,746	$ 137,509

Amounts due to General Revenues are unsecured, non-interest bearing and have no specific terms of repayment.

Alberta Gaming and Liquor Commission
Notes to the Financial Statements

March 31, 2003

NOTE 9 BUDGET

The Commission, in its annual business plan, includes its annual budget on a summarized basis. The summarized budget receives approval by the Minister of Gaming and becomes part of the estimates of the Government. The Government Estimates are approved by the Legislature.

Amendments to the *Gaming and Liquor Act*, as described in Note 1, eliminated the need for a $117.7 million operating grant to the Commission in 2002-2003.

NOTE 10 COMMISSIONS AND FEDERAL PAYMENTS

(thousands of dollars)	2003	2002
Commissions		
Video lottery terminals	$ 106,722	$ 110,482
Casino gaming and electronic racing terminals:		
Operators	88,418	73,430
Charities	81,124	67,169
Ticket lottery	30,551	27,838
	306,815	278,919
Federal Tax Expenses [a]		
Video lottery terminals	10,425	9,215
Casino gaming and electronic racing terminals	5,883	4,919
Ticket lottery	3,798	3,126
	20,106	17,260
Payment to Federal Government [b]	5,827	5,716
	$ 332,748	$ 301,895

[a] Taxes are paid to the Government of Canada in lieu of the Goods and Services Tax (GST) on ticket lottery, video lottery and casino gaming terminal sales based on a prescribed formula. This tax is in addition to the GST paid on the purchase of goods and services for which credit is denied under the formula.

[b] This payment represents the Province of Alberta's share of payments to the Government of Canada as a result of an agreement between the provincial governments and the federal government on the withdrawal of the federal government from the lottery field. The payment is made by the Western Canada Lottery Corporation on behalf of Alberta, and is based on current population statistics and its share of ticket lottery sales.

NOTE 11 OTHER INCOME

(thousands of dollars)	2003	2002
Licences and permits	$ 5,950	$ 5,861
Interest revenue	3,082	3,778
Miscellaneous	1,789	2,782
Premises rental revenue	753	623
Liquor levies	585	913
Retailer service fees	555	533
Fines and violations	229	121
Gain (loss) on disposal of property, plant and equipment	1,105	(32)
	$ 14,048	$ 14,579

NOTE 12 OPERATING EXPENSES

(thousands of dollars)	2003	2002
Salaries and benefits	$ 30,245	$ 24,596
Amortization*	20,090	18,228
Leased gaming terminals	7,891	2,104
Data communications	7,717	7,085
Ticket printing	7,525	6,334
Equipment and vehicles	6,813	6,879
Media and media production	6,698	6,604
Property	2,403	1,976
Travel and training	1,685	1,322
Fees and services	1,496	3,098
Miscellaneous	1,314	373
Freight and product delivery	1,296	1,228
Stationery and supplies	1,165	984
Insurance and bank charges	856	1,041
Data processing	643	483
Retailer relations	544	262
Product expense	82	85
Presentations and publications	79	479
Overhead and other	(10)	(11)
	$ 98,532	$ 83,150

* Amortization for 2002 includes a reversal of a provision for loss on equipment of $2,505,000.

NOTE 13 COMMITMENTS

The Commission has a number of lease obligations, including regional offices, gaming warehouses and former retail liquor stores that operate under lease arrangements with terms ranging from one to 29 years. Most of these former properties have been sub-leased to third parties. The Commission remains liable for the leases should the sublessor default on their obligations to the Commission. The Commission's future minimum lease payments, including its proportionate share of the Western Canada Lottery Corporation commitments, is summarized as follows:

	(thousands of $)
2003-2004	$ 1,772
2004-2005	1,519
2005-2006	1,457
2006-2007	1,275
2007-2008	1,137
Balance to expiry	5,601
	$ 12,761

Estimated future revenues to be derived from subleases amount to $7.5 million at March 31, 2003. Provision for loss on leased properties has been made where the payments to be received on the sub-leases are less than the lease payments to be made.

NOTE 14 CONTINGENCIES

At March 31, 2003 the Commission is a defendant in 11 legal claims (2002 – nine legal claims). Nine of these claims have specified amounts, and the remaining two have not specified any amount (2002 – six claims with specified and three with no specified amount). Included in the total claims are nine claims in which the Commission has been jointly named with other entities.

In conjunction with the joint venture operating with the Western Canada Lottery Corporation, it is also noted that the Western Canada Lottery Corporation is a defendant in three legal claims, all with specified amounts (2002 - four claims with a specified amount).

The resulting loss, if any, from these claims cannot be determined.

Alberta Gaming and Liquor Commission
Notes to the Financial Statements

March 31, 2003

NOTE 15 SALARIES AND BENEFITS

(thousands of dollars)	2003			2002
	Salary[1]	Benefits[2]	Total	Total
Senior Officers				
Chairman and CEO[3]	$ 88	$ 13	$ 101	$ 94
Board Members	68	–	68	80
Executives				
Executive Director, Regulatory	123	28	151	131
Executive Director, Gaming and Product Services	127	28	155	134
Executive Director, Information Systems	104	20	124	111
Executive Director, Finance and Administration	97	18	115	107

[1] Salary includes regular base pay, bonuses and lump sum payments.

[2] Benefits include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability, professional memberships, tuition and automobile benefits.

[3] The Deputy Minister for Gaming also serves as the Chairman and CEO of the Alberta Gaming and Liquor Commission. A portion of the Deputy Minister's salary is allocated to the Alberta Gaming and Liquor Commission, representing the proportionate amount of time the Deputy Minister spends on Commission business. Full salary and benefits are disclosed in the Department of Gaming financial statements.

Alberta Gaming and Liquor Commission
Notes to the Financial Statements
March 31, 2003

NOTE 16 JOINT VENTURE – TICKET LOTTERY OPERATIONS

The joint venture conducted by Western Canada Lottery Corporation is accounted for using the proportionate consolidation method. The Commission has included in its accounts the following aggregate amounts:

(thousands of dollars)	2003	2002
Balance Sheet		
Current assets	$ 27,356	$ 27,965
Property, plant and equipment	11,241	7,453
	$ 38,597	$ 35,418
Current liabilities	$ 19,433	$ 18,248
Investment in joint venture	19,164	17,170
	$ 38,597	$ 35,418
Statement of Operations		
Gross profit	$ 174,696	$ 165,681
Operating expenses	(23,966)	(21,017)
Net operating results	$ 150,730	$ 144,664
Statement of Cash Flow		
Cash from operations	$ 148,544	$ 145,384
Cash used for investment	$ 5,453	$ 620

NOTE 17 RELATED PARTY TRANSACTIONS

The Commission has the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. The amounts are not included in the financial statements.

(thousands of dollars)	2003			2002
	Expenses - Incurred by Others[a]			
	Accommodation Costs[b]	Legal Services[c]	Total Expenses	Total Expenses
Division				
Regulatory	$ –	$ 109	$ 109	$ 68
Commission Office	–	32	32	40
Gaming Products and Services	–	16	16	3
Finance and Administration	1	2	3	16
Human Resources	–	1	1	–
Information Systems	–	–	–	2
	$ 1	$ 160	$ 161	$ 129

[a] Costs incurred by Alberta Justice and Alberta Infrastructure on behalf of the Alberta Gaming and Liquor Commission.

[b] Net costs for Accommodation (includes grants in lieu of taxes) in St. Albert.

[c] Costs for Legal Services allocated on hours of service provided.

The Commission also had the following transactions with related parties recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties:

	(thousands of dollars)
Alberta Corporate Service Centre	$ 151
Risk Management and Insurance	122
Alberta Infrastructure	25
	$ 298

Auditor's Report

AUDITOR GENERAL *Alberta*

To the Members of the Alberta Gaming and Liquor Commission

I have audited the balance sheet of the Alberta Lottery Fund as at March 31, 2003 and the statement of revenue, expenditure and fund equity for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Dunn, FCA
Auditor General

Edmonton, Alberta
May 23, 2003

Alberta Lottery Fund
Balance Sheet

March 31, 2003 (thousands of dollars)

	2003	2002
Assets		
Cash (Note 3)	$ 86,465	$ 52,637
Due from Alberta Gaming and Liquor Commission	38,537	28,497
	$ 125,002	$ 81,134
Liabilities and Fund Equity		
Accounts payable (Note 4)	$ 72,227	$ 28,359
Fund equity	52,775	52,775
	$ 125,002	$ 81,134

The accompanying notes are part of these financial statements.

APPROVED BY MANAGEMENT:

Norman C. Peterson, CA
Chairman and Chief Executive Officer
Alberta Gaming & Liquor Commission

H. Ronald Crosby, CA
Executive Director
Finance and Administration
Alberta Gaming & Liquor Commission

ALBERTA LOTTERY FUND

Alberta Lottery Fund
Statement of Revenue, Expenditure and Fund Equity

Year Ended March 31, 2003 (thousands of dollars)

	2003		2002
	Budget	Actual	Actual
	(Note 17)		
Revenue			
Proceeds from lottery operations (Note 5)	$ 1,205,098	$ 1,089,666	$ 1,105,079
Interest	6,000	8,592	9,530
Grant recoveries	–	167	23
	1,211,098	1,098,425	1,114,632
Expenditure			
Transfers to Departments			
Agriculture, Food and Rural Development (Note 6)	16,620	16,620	11,620
Children's Services (Note 7)	25,000	25,000	1,200
Community Development (Note 8)	58,256	56,256	100,714
Economic Development (Note 9)	14,100	14,100	–
Gaming (Note 10)	193,061	121,976	193,619
Health and Wellness (Note 11)	107,487	107,487	84,065
Infrastructure (Note 12)	105,000	105,000	345,000
Innovation and Science (Note 13)	182,644	182,644	90,838
Learning (Note 14)	84,100	84,100	52,200
Municipal Affairs (Note 15)	40,000	40,000	12,000
Transportation (Note 16)	65,000	65,000	70,000
Debt repayment	319,830	280,242	153,376
	1,211,098	1,098,425	1,114,632
Excess of revenue over expenditure for the year	–	–	–
Fund equity, beginning of year	52,775	52,775	52,775
Transfers to General Revenues	–	–	–
Fund equity, end of year	$ 52,775	$ 52,775	$ 52,775

Alberta Lottery Fund
Notes to the Financial Statements

March 31, 2003 (thousands of dollars)

NOTE 1 AUTHORITY AND PURPOSE

The Lottery Fund is administered by the Alberta Gaming and Liquor Commission (Commission) under the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000. The Lottery Fund receives the proceeds from lottery operations (see Note 5) and makes payments therefrom in the public interest in order to support quality of life, wellness and community involvement.

The *Appropriation Act*, 2002 authorized payments from the Lottery Fund as approved in the 2002-2003 Estimates, and provided for flexibility in the amount applied from the Lottery Fund towards debt repayment/ contingency reserve so that the net revenue of the Lottery Fund would be zero at the year ended March 31, 2003.

The accountability and utilization of Lottery Fund amounts transferred to entities within the Government of Alberta may be determined and confirmed by referencing the respective departmental financial statements.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Cash flow

A statement of cash flow is not provided as disclosure in these financial statements is considered to be adequate.

NOTE 3 CASH

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality, short-term and mid-term fixed income securities with a maximum term to maturity of five years. The CCITF earns interest on its daily cash balance at the average rate of interest earned by the CCITF, which varies depending on prevailing market interest rates. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 4 ACCOUNTS PAYABLE

Accounts payable consists primarily of outstanding payments to Finance for debt repayment.

Alberta Lottery Fund
Notes to the Financial Statements

March 31, 2003 (thousands of dollars)

NOTE 5 PROCEEDS FROM LOTTERY OPERATIONS

Proceeds of provincial lotteries received by the Commission are recorded as revenue of the Fund.

For 2003, proceeds from lottery operations are after the deduction of related operating expenses. For 2002, lottery operating expenses were covered by a grant made to the Commission.

	2003	2002
Income from video lottery operations	$ 594,456	$ 617,006
Income from slot machines	405,165	322,392
Income from ticket lottery operations	174,696	165,681
Less gaming expenses	(84,651)	–
Proceeds from lottery operations	$ 1,089,666	$ 1,105,079

NOTE 6 AGRICULTURE FOOD AND RURAL DEVELOPMENT

The following transfers were made to provide funding to encourage improvement in agriculture, horticulture, and the quality of life in the agricultural community:

	2003	2002
Agricultural Initiatives	$ 11,620	$ 11,620
Agricultural Service Boards	5,000	–
	$ 16,620	$ 11,620

NOTE 7 CHILDREN'S SERVICES

Transfers made to support the family and community in Alberta:

	2003	2002
Family and Community Support Services	$ 25,000	$ –
Fetal Alcohol Initiative	–	1,000
Permanency Planning for Children in Care	–	200
	$ 25,000	$ 1,200

NOTE 8 COMMUNITY DEVELOPMENT

Transfers made to support culture and multiculturalism, sports and recreation and municipal initiatives in Alberta comprise:

	2003	2002
Foundation for the Arts	$ 21,104	$ 21,104
Alberta Sport, Recreation, Parks and Wildlife Foundation	15,085	15,035
Wild Rose Foundation	6,550	6,600
Historical Resources Foundation	5,913	5,913
Volunteer Services	3,461	–
Arts Development	1,438	–
Sport and Recreation	1,143	–
Human Rights, Citizenship and Multiculturalism Education Fund	1,062	1,062
Hosting Arctic Winter Games	500	400
2001 World Championships in Athletics	–	10,000
Centennial Initiatives	–	40,600
	$ 56,256	$ 100,714

NOTE 9 ECONOMIC DEVELOPMENT

The following transfers were made to support tourism in the province:

	2003	2002
International Marketing (Tourism)	$ 8,450	$ –
In-Alberta / Regional Marketing	2,650	–
Tourism Destination Regions	1,800	–
Travel Alberta Secretariat	1,200	–
	$ 14,100	$ –

Alberta Lottery Fund
Notes to the Financial Statements
March 31, 2003 (thousands of dollars)

NOTE 10 GAMING

The following transfers were made to support community initiatives and to support the volunteer sector throughout Alberta:

	2003	2002
Racing Industry Renewal	$ 33,000	$ 17,900
Community Initiatives Program	30,000	–
Community Facility Enhancement Program	25,000	22,168
Other Initiatives	10,116	11,102
Calgary Exhibition and Stampede	7,100	7,100
Edmonton Northlands	7,100	7,100
Edmonton Oilers Ticket Lottery	2,700	–
Calgary Flames Ticket Lottery	2,700	–
Major Fairs and Exhibitions	2,660	2,660
Alberta Gaming Research Institute	1,500	1,500
Alberta Gaming Research Council	100	100
AGLC - Lottery Operations	–	70,689
Community Lottery Board Grants	–	53,300
	$ 121,976	$ 193,619

NOTE 11 HEALTH AND WELLNESS

The following transfers were made in support of health and wellness initiatives, and to support services for problem gambling, alcohol and other drug abuse:

	2003	2002
Alberta Alcohol and Drug Abuse Commission	$ 47,122	$ 45,699
Alberta Wellnet	22,598	13,506
Rural Initiatives (Physicians)	17,300	12,350
Health Services Research	10,375	–
Health Innovation Fund	5,892	5,000
Aboriginal Health Strategies	2,200	3,000
Alberta Wellness Initiative	2,000	1,850
Federal Nursing Stations	–	2,660
	$ 107,487	$ 84,065

NOTE 12 INFRASTRUCTURE

Transfers made to support facilities for health care, schools, and seniors' lodges in Alberta comprise:

	2003	2002
Health Care Facilities	$ 50,000	$ 120,000
School Facilities	35,000	150,000
Seniors' Lodges	10,000	10,000
Post-Secondary Facilities	10,000	60,000
Centennial Projects	–	5,000
	$ 105,000	$ 345,000

NOTE 13 INNOVATION AND SCIENCE

Transfers to support scientific and communication initiatives, including improved internet access, in Alberta comprise:

	2003	2002
Alberta Supernet	$ 121,800	$ 50,000
Strategic and Research Investments Program	36,722	32,250
Informatics Circle of Research Excellence	10,000	–
Alberta Agricultural Research Institute	8,875	8,588
Alberta Energy Research Institute	3,487	–
Alberta Forestry Research Institute	1,760	–
	$ 182,644	$ 90,838

NOTE 14 LEARNING

The following transfers were made to support student transportation and community education:

	2003	2002
School Support - Transportation Subsidies	$ 40,000	$ 40,000
Community Education	18,900	–
Learning Television	8,100	8,100
Online Curriculum Repository	8,000	–
School Support - High Speed Networking	6,000	1,000
Achievement Scholarships	3,100	3,100
	$ 84,100	$ 52,200

Alberta Lottery Fund
Notes to the Financial Statements

March 31, 2003 (thousands of dollars)

NOTE 15 MUNICIPAL AFFAIRS

Transfers made to support municipal initiatives in Alberta comprise:

	2003	2002
Unconditional Municipal Grants	$ 28,000	$ -
Municipal Sponsorship	12,000	12,000
	$ 40,000	$ 12,000

NOTE 16 TRANSPORTATION

The following transfers were made to support trade corridors, infrastructure and transportation partnerships:

	2003	2002
North-South Trade Corridor	$ 20,000	$ -
Water Management Infrastructure	15,000	20,000
Infrastructure Canada / Alberta Program	15,000	50,000
Rural Transportation Partnerships	15,000	-
	$ 65,000	$ 70,000

Alberta Lottery Fund
Notes to the Financial Statements

March 31, 2003 (thousands of dollars)

NOTE 17 BUDGET

The 2003 budgeted expenditures were authorized in total by the *Appropriation Act*, 2002.

Amendments to the *Gaming and Liquor Act*, proclaimed June 25, 2002, eliminated the need to transfer to the Department of Gaming $97.9 million for financial assistance to the Alberta Gaming and Liquor Commission (AGLC).

On June 24, 2002, Cabinet approved the $30 million Community Initiatives Program. Funding for this new program was provided by a portion of the unused funding for AGLC.

NOTE 18 COMPARATIVE FIGURES

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Alberta Lottery Fund
Commitments 2003 – 2004

(thousands of dollars)

The Alberta Lottery Fund is the government's share of net revenues from VLTs, slot machines and ticket lotteries. Alberta Lottery Fund revenues are invested back into Alberta's communities through 12 Ministries and seven programs and foundations.

The Alberta Lottery Fund enhances the quality of life for all Albertans by supporting thousands of worthwhile volunteer, non-profit, public and community-based projects and initiatives.

Alberta Lottery Fund expenditures are approved annually by the Provincial Legislature. The following is a list of Alberta Lottery Fund estimates for 2003-2004.

Agriculture, Food and Rural Development		
Agriculture Initiatives	$	11,620
Agricultural Service Boards		5,000
		16,620
Children's Services		
Family and Community Support Services		**30,000**
Community Development		
Hosting 2004 Arctic Winter Games		500
Hosting 2007 Western Canada Games		100
Hosting 2005 World Masters Games		1,300
Edmonton 2004 Centennial		1,400
Alberta Foundation for the Arts		29,034
Alberta Historical Resources Foundation		6,946
Alberta Sport, Recreation, Parks and Wildlife Foundation		17,670
Human Rights, Citizenship and Multiculturalism Education Fund		1,265
Wild Rose Foundation		7,766
Arts Development		1,464
Volunteer Services		3,502
Sport and Recreation		1,158
First Nations Development Fund		4,000
		76,105

Alberta Lottery Fund
Commitments 2003 – 2004

(thousands of dollars)

Economic Development	
Travel Alberta Secretariat	900
In-Alberta/Regional Marketing	2,200
International Marketing (Tourism)	7,500
Alberta Image Promotion	400
Tourism Research	200
Visitor Support Services	2,100
Tourism Destination Regions	800
	14,100
Gaming	
Community Facility Enhancement Program	38,500
Community Initiatives Program	30,000
Alberta Gaming Research Institute	1,500
Alberta Gaming Research Council	100
Edmonton Northlands	7,100
Calgary Exhibition and Stampede	7,100
Major Fairs and Exhibitions	2,660
Racing Industry Renewal	37,000
Edmonton Oilers Ticket Lottery	2,700
Calgary Flames Ticket Lottery	2,700
Bingo Associations	4,000
Other Initiatives	13,088
	146,448
Health and Wellness	
Community Based Health Services	10,000
Human Tissue and Blood Services	130,000
Alberta Alcohol and Drug Abuse Commission	48,855
Aboriginal Health Strategies	2,200
Health Services Research	5,325
	196,380

ALBERTA LOTTERY FUND

Alberta Lottery Fund
Commitments 2003 – 2004

(thousands of dollars)

Infrastructure	
Health Facilities	50,000
School Facilities	80,000
Post-Secondary Facilities	15,000
	145,000
Innovation and Science	
Alberta Science and Research Investment Program	39,222
Alberta Agricultural Research Institute	8,875
Alberta SuperNet	60,700
Informatics Circle of Research Excellence	10,000
Alberta Forestry Research Institute	1,760
Alberta Energy Research Institute	6,940
	127,497
Learning	
Achievement Scholarships	3,100
Learning Television	4,600
School Support – Online Curriculum Repository	3,800
School Support – Transportation Subsidies	60,000
School Support – High-Speed Networking	6,000
School Support – School Technology Upgrading	20,000
Community Education	18,900
	116,400
Municipal Affairs	
Municipal Sponsorship	12,000
Unconditional Municipal Grants	28,000
	40,000

Alberta Lottery Fund
Commitments 2003 – 2004

(thousands of dollars)

Transportation	
Water Management Infrastructure	15,000
Municipal Water and Wastewater Grants	20,000
Rural Transportation Partnerships	35,000
Street Improvement Program	25,000
	95,000
Finance	
Transfer to Contingency Allowance/ Alberta Sustainability Fund	**95,679**
TOTAL	**$ 1,099,229**

ALBERTA LOTTERY FUND

Alberta Lottery Fund
Contact Information

For more information on the Alberta Lottery Fund and lottery grants, please visit our Web site at: **www.albertalotteryfund.ca** or contact:

Alberta Lottery Fund
50 Corriveau Avenue
St. Albert, AB T8N 3T5
Phone: (780) 447-8600 (Dial 310-0000 for toll-free access)
Fax: (780) 447-8903
Email: feedback@albertalotteryfund.ca

Community Initiatives Program • 1 (800) 642-3855
Provides support for project-based initiatives in areas such as community services, seniors' services, libraries, arts and culture, sports, education, health and recreation.

Community Facility Enhancement Program • 1 (800) 642-3855
Provides support to the expansion and upgrading of Alberta's extensive network of community-use facilities.

Alberta Sport, Recreation, Parks and Wildlife Foundation • (780) 427-6549
Provides support to sport, recreation, parks and wildlife activities in Alberta.

Alberta Foundation for the Arts • (780) 427-9968
Provides support to the development of the arts and film production sectors in Alberta.

Wild Rose Foundation • (780) 422-9305
Provides support to the volunteer sector.

Alberta Historical Resources Foundation • (780) 431-2300
Provides support to community-based heritage initiatives in Alberta.

Human Rights, Citizenship and Multiculturalism Education Fund • (780) 427-3116
Provides support to organizations wishing to foster equality and reduce discrimination.

If gambling is a concern for you or someone you know, call the 24-hour AADAC Help Line toll-free 1-866-332-2322 for confidential information and support.

Alphabetical List of Entities' Financial Statements In Ministry 2002-2003 Annual Reports

Entities Included in the Consolidated Government Reporting Entity

MINISTRY, DEPARTMENT, FUND OR AGENCY	MINISTRY ANNUAL REPORT
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation, The	Community Development
Alberta Insurance Council	Finance
Alberta Municipal Financing Corporation	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma'Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	

ALBERTA LOTTERY FUND

Alphabetical List of Entities' Financial Statements In Ministry 2002-2003 Annual Reports

Entities Included in the Consolidated Government Reporting Entity

Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta Rural Development	Agriculture, Food and Rural Development
Department of Agriculture, Food and Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCore Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development	Economic Development
Ministry of Energy	Energy
Ministry of Environment	Environment
Ministry of Finance	Finance
Ministry of Executive Council	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment	Human Resources and Employment
Ministry of Infrastructure	Infrastructure
Ministry of Innovation and Science	Innovation and Science

Alphabetical List of Entities' Financial Statements In Ministry 2002-2003 Annual Reports

Entities Included in the Consolidated Government Reporting Entity

Entity	Ministry Annual Report
Ministry of International and Intergovernmental Relations	International and Intergovernmental Relations
Ministry of Justice	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards:	Community Development
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Michener Centre Facility Board	
Northeast Community Board	
Northwest Community Board	
Provincial Board	
South Region Community Board	
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation, The	Community Development

ALBERTA LOTTERY FUND

Alphabetical List of Entities' Financial Statements In Ministry 2002-2003 Annual Reports

Entities not Included in the Consolidated Government Reporting Entity

MINISTRY, DEPARTMENT, FUND OR AGENCY	MINISTRY ANNUAL REPORT
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment

[2] Dissolved July 23, 2002

Additional copies of this annual report may be obtained from:
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Alberta Gaming
50 Corriveau Avenue
St. Albert, Alberta T8N 3T5

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